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NOTICE: An * indicates material not previously disseminated in electronic form.

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*Atlantic Richfield Buying LUKoil Shares

954E1369D Moscow FINANSOVYYE IZVESTIYA in Russian 5 Sep 95 p 2

[Article by Denis Kirillov: "LUKoil Will Become the First Company To Go Out Into the World Capital Market"]

[FBIS Translated Text] The LUKoil AO [joint-stock company] oil company will conduct a commercial competition in Moscow from 4 through 18 September. It is to determine the investment-financial institutions guaranteeing the placing on advantageous terms of LUKoil bonds subject to conversion to 59.5 million ordinary shares of the company beginning 6 April 1996. The placing of the bonds will extend from 18 September of the current year through 1 April of next year on Russian and foreign stock markets.

The nominal price per bond will be 5 million rubles [R], the initial—R4.5 million. The actual value is to be determined on the basis of an investment competition according to rules established by the Russian State Committee on the Administration of State Property. The minimum size of a block of bonds—10,000. The distribution period—30 days. The rate of the commission fee—5 percent.

The bonds are to be secured by a deposit in the amount of 11 percent of the charter capital from the block of shares assigned to federal ownership until 5 February of next year. At the expiration of this period it will be possible to exchange a bond for 170 ordinary personal shares.

The international share of the funded loan, totalling 350,000 bonds, will be offered at the competition. The Russian share—110,000—will remain on LUKoil's balance sheet to provide security for the issuance of derivative low nominal value securities intended for Russian investors. This issuance will be carried out right after the placement of the international share. The Russian bonds should be converted all in all to 18,700,000 shares.

The block of shares for which the convertible bonds are earmarked will be transferred for safe-keeping to the Bank of New York, whose candidacy has been proposed by the Russian State Committee on the Administration of State Property and coordinated with the Central Bank and the LUKoil oil company. This same bank will keep a register of the bond-holders.

Under the terms of the tender, the winners will form a syndicate of the investment institutions authorized by the issuing body to place the bonds. LUKoil will conclude a contract guaranteeing the placement of the largest block of bonds at the highest price with each participant of a syndicate headed by an investor.

According to preliminary data, the California oil company Atlantic Richfield Company (ARCO) will be this investor. In 1994 ARCO's revenues came to $17.2 billion and net income $919 million. Total assets at the end of the year amounted to $24.6 billion.

On 30 August the LUKoil oil company announced the conclusion of an agreement with ARCO. According to this agreement the California company will submit an application to participate in the competition to acquire LUKoil bonds worth a total of $250 million through the KS First Boston company—financial adviser to the Russian company. ARCO's proposal has been made taking certain conditions into account. In particular, the American company cannot acquire bonds convertible into shares if the latter constitute more than 7.99 percent of LUKoil's voting securities.

LUKoil's Vice President Leonid Fedun has stated that the company is now negotiating with ARCO about long-term cooperation.

ARCO confirms the fact of the negotiations with LUKoil. However, the American company does not intend to issue further comments until the period of operation of LUKoil's proposal concerning the sale of its bonds expires at the end of September.

As THE FINANCIAL TIMES believes, the deal promises to be the most important one-time foreign capital investment in a Russian firm which will be the first to go out into the world capital market.

ARCO's goal is to reduce its dependence on oil deposits in Alaska, which constitute more than half of the company's reserves.

*1996 Foreign Investment Probably Will Be Lower Than Expected

954E1424A Moscow FINANSOVYYE IZVESTIYA in Russian 7 Sep 95 p 2

[Article by Yelena Fedorova: "Foreign Capital Is in No Hurry To Revive the Russian Economy"]

[FBIS Translated Text] In the explanatory note to the draft state budget for 1996, the volume of foreign investments is predicted at 3-4 billion dollars, and the 1995 estimate—at 1 billion dollars with a planned 500-600 million dollars to be received in the second half of the year.

Judging from everything, the prognosis on foreign investments in 1995 was made on the basis of data for the first quarter of this year when the total volume of investments came to 230 million dollars. But the increase during the second quarter proved to be much higher than expected and came to 472 million dollars.

Such a drastic increase in investments can be explained by two factors: the real increase in investments received, and the larger number of enterprises receiving foreign investments which began to report to the state statistics organs.

The last assumption is confirmed by the fact that in the report for the first quarter of 1995, enterprises indicated a total volume of 3.97 billion dollars in investments accumulated as of the end of 1994, while in the report for the first half of 1995, the figure was already 4.25 billion dollars. The difference of 280 million dollars in investments accumulated as of that same date can be explained only by the fact that the regional statistics organs discovered and compelled another several dozen enterprises with foreign investments to provide reports.

Inasmuch as the quarterly dynamics in investments show fairly drastic jumps, one can assert with a large degree of probability that the prognosis will be confirmed in some sense or another: either the total volume of investments in 1995 will be 1 billion dollars (given a deteriorating investment climate in Russia) or the increase in investments during the second half year will come to 500-600 million dollars (given a stable economic-political situation), but then the total volume of foreign investments will come to 1.2-1.3 billion dollars.

Table: Dynamics in Attraction of Foreign Investments

Time Period	Millions of U.S. Dollars	As Percentage of the Level of the Previous Period
1st Quarter 1994	383.1	—
2nd Quarter 1994	168.9	44.1
3rd Quarter 1994	187.0	110.7
4th Quarter 1994	314.4	168.1
1st Quarter 1995	229.9	73.1
2nd Quarter 1995	472.3	205.4

One may assume that the rate of increase in foreign investments in 1996 will remain just as high as in the first half of 1995, that is to say, roughly 25 percent of the level of the corresponding period last year. There are no serious grounds to believe that it will be greater. Most investors will take a wait-and-see attitude until the presidential elections are over. The anticipated volume of investments in 1996 will total about 2.5 billion dollars. This is in any case lower than the predicted figures included in the draft budget for 1996. But we should count on that only if the political or economic situation in Russia does not deteriorate during this period. Upheavals like the last banking crisis may again put investors on guard and reduce the influx of investments.

At the same time, however, it is not impossible that the crisis on the interbank credit market will help increase the influx of investments due to the higher volumes of indirect investments, since disruptions in credit replenishment of the economy by Russian banks will compel many firms to turn to Western banks for credits. However, even so there is no special reason to count on the latter's favor.

*Russian Workers, Capital Find It's Better in the Bahamas

954E1424B Moscow ROSSIYSKAYA GAZETA in Russian 13 Sep 95 p 2

[Article by Aleksey Chichkin under the rubric "Behind the Statistics": "Bahama Recluses"]

[FBIS Translated Text] **Thousands of Russian citizens go to the exotic islands, and billions of capital "flee" along with them.**

I have read and heard so much about the idea that "brains are fleeing" from Russia and that it is threatened with an intellectual "famine." That an ever greater number of Russian citizens, primarily scientific-technical specialists, are "infiltrating" the developing countries where secret and atomic projects and the like are being conducted.

But the situation is not as deplorable as it may appear after the numerous essays and commentaries on the "Russian brain drain." In any case data on Russian citizens who leave to work abroad (according to the statistics of the RF Federal Migration Service) published in ROSSIYSKAYA GAZETA on 1 September refute the propaganda cliches mentioned above.

But first a few figures. The total number of RF citizens who have found jobs abroad was slightly more than 8,000 people at the end of August. Of them about 2,700 people have higher education while 4,754 have secondary special education. But in terms of the job's duration, for a term of from 6 months to 1 year, almost 6,000 have found jobs. It appears that primarily specialists go abroad.

But not everything is so clear. If only because the main "importer" of our fellow countrymen who leave is... the

Bahama Islands. Almost 4,000 people have found jobs there. In other words, the Bahamas "attract" at least half of the RF citizens who go abroad.

The proportion of jobs RF citizens find abroad in Cyprus, Liberia, Malta, and the Bahama Islands is over 60 percent. But the share of the "Big Seven" countries is barely 10 percent, of Scandinavia—3 percent, and of the Near and Middle Eastern states—roughly 7 percent.

Just what is going on? The fact is that the "most advantageous" conditions for the financial and trade-intermediary activity of citizens from other countries have been created in the Bahamas, Cyprus, and Malta. Suffice it to say that direct taxes on any income or profits, including on transactions on stock markets and with real estate, have been eliminated there since the middle-70s and early 80s. There are no direct taxes on capital received or exported, on any property or financial resources inherited, or on registration of offices. Deposits in banks which are being registered or already in operation are accepted for any term and in any convertible currency, just as they are in local branches of transnational banks. But the banking structures operating in the Bahamas, Cyprus, and Malta and on the shores of Liberia guarantee the open-ended secrecy of deposits, the names of the depositors, and the legal successors and heirs and, unlike banks in Switzerland, Liechtenstein, and Monaco, do not charge trustee fees.

Transcontinental financial and intermediary activity is an extraterritorial sphere of the economy of the Bahamas, Cyprus, Malta, and Liberia. Local governments are deprived of the right to intervene in it and change it in any way without the permission of the "world" banks and their structures whose representatives in these countries manage this sphere. The activity depends altogether on decisions made abroad.

These circumstances also attract "new Russian" capital there. While in 1985 there were 370 banks and banking structures operating in the Bahamas, in mid-1995, according to Bahamian sources, there were more than 500. According to those same sources, the assets of banks and offices like them in the Bahama Islands which are registered by "new Russians" totaled more than 25 billion dollars at the start of 1995.

It is also significant that the authorities of the Bahamas, Cyprus, Malta, and Liberia do not intervene in the "ethnic" makeup of people working in the banking and trade-intermediary sphere; persons of any nationality in volumes determined exclusively by the foreign banks and firms operating in these countries may be hired for work. The time periods of the contracts for hire are also not restricted and are generally not regulated by the local authorities. So the outflow of capital and qualified personnel from the RF to the Bahamas, Cyprus, and Malta (as well as the Liberian shores) is completely understandable.

Incidentally, this situation in these countries does not please everyone there. The opposition parties (the Bahamian Democratic Party, for example) demand that the colonization of their countries with transnational financial structures be stopped, and as the first step of this "decolonization," direct taxes on their activity be established, to go toward developing the production sphere of the local economy. However, in the conditions which have taken shape, these steps may bring about all possible kinds of "variations" on the theme "Desert Storm."

So then, the data from the RF Federal Migration Service persuasively shows who, where, and why people are leaving Russia to work abroad.

*Russian-Cuban Sugar for Oil Barter Deal Faltering

954E1424C Moscow FINANSOVYYE IZVESTIYA in Russian 14 Sep 95 p 5

[Article by Sergey Leskov: "Cuban Sugar Will Not Reach Russia This Year"]

[FBIS Translated Text] Of the 5 million tonnes of sugar a year which the Russian market needs, only 600,000 tonnes have been delivered at this point. Usually Cuban sugar has rescued us, but this year apparently it will not be used to sweeten tea in Russia.

But there was an intergovernmental agreement concluded on the barter exchange of 3 million tonnes of Russian oil for 1 million tonnes of Cuban raw sugar, and the corresponding tender was conducted where Rosvneshtorg [Russian Foreign Trade], Alfa-Eko, Prodintorg [Food Foreign Trade], MES [Ministry of Economic Relations], Razgulyay, and Menatep-Impeks participated. True, its start was held up for half a year because of secret intrigues involving it. Finally, on 5 July the tender committee chaired by the deputy minister of foreign economic relations V. Korostin announced: Alfa-Eko (the best efficiency indicators, at a price of 330 dollars per tonne of sugar) and Menatep-Impeks (the most experience in delivering Cuban sugar, at a price of 470 dollars) had won the competition. On 5 August the Russian government approved the results of the tender.

Only a naive person infinitely removed from Russian realities could think that now things would move forward. To this day officials at MBES [Ministry of Foreign Economic Relations], the Ministry of Agriculture, the Ministry of Economics, and the Ministry of Fuel and Energy are pushing papers around, and the contract will certainly not get out of the ministry halls. No agreement has been reached on questions of access to the oil pipeline and a multitude of technical details. The fact that there were two winners instead of one, as the conditions of the tender proposed, is a stumbling block. People are already beginning to say that the very idea of a tender for a commodity typically traded on an exchange was wrong. One can imagine all the officials shuddering in expectation of financial audits and accusations of bribes when there is a 1.5-fold difference in the winners' prices! Instinctively, for the sake of salvation, the contract is making the rounds of the offices.

It follows from allusions which the chief of the export-import deliveries administration of the federal food corporation, Sergey K[illegible]sov, cautiously made in a conversation with the IZVESTIYA correspondent that Cuban sugar is unlikely to start for Russia in 1995. Meanwhile the Russian market's need for sugar has been only 15 percent satisfied, while our own sugar from sugar beets and that supplied from Ukraine will not cover the shortage even with the most fantastic harvest. The beginning of the annual peak in sugar sales is expected in the fall, and one can predict another shortage and more of the hated lines. And, of course, there will be the next spiral in prices, although in recent months sugar has gotten 1.5 times more expensive even without it.

The latest hitch was born in bureaucratic minds in recent days: demand a guaranteed bank pledge of 30 million dollars from the businessmen. Only a madman will agree to this. Enormous amounts of money will have to be borrowed and frozen, but it is still a question if profit will be produced. Oil is bought with our own capital, and exporting it in recent months has been unprofitable, we hurt ourselves. While in 1994, when the idea of the tender was born, the anticipated profits were 50 million dollars, and in the spring—30 million dollars, now, judging from estimates, the winners of the tender will remain "at zero." Indeed, bureaucrats are capable of messing things up so badly that even sugar will seem bitter.

*New Customs Rules Cause Difficulties for Foreign Traders

954E1424D Moscow ROSSIYSKIYE VESTI in Russian 13 Sep 95 p 3

[Article by Yuriy Ku[illegible]anov in St. Petersburg under the rubric "Market Conditions": "They Wanted To Do Good"]

[FBIS Translated Text] **New customs rules may make the situation in foreign economic activity worse.** The St. Petersburg commercial seaport is in turmoil. Thousands of tonnes of unexported freight are being stored in its terminals. Even today the number of large freight containers here is 1.4 times the permissible norms and shipment of containers from the docks to motor transport has been reduced to two-thirds its former level. There is a real threat looming that the largest commercial seaport in Russia will be paralyzed.

The thing is that starting on 24 July, RF State Customs Committee Order No 373, which changed the procedure for freight to pass through customs control, took effect. Whereas formerly freight which arrived in Russian ports was delivered to its destination where the so-called customs inspection also took place, now it must be done exclusively at the ports.

It is well known that under the old procedure it was difficult to organize effective control of the budget's receipt of capital from customs charges, part of which settled who knows where. Moreover, spoilage and theft of freight in the travel lines became common. So no sensible person objects in principle to innovations which long ago became the norm in civilized countries, especially since Russia's integration into the world community urgently requires simplification and standardization of customs procedures.

Then why did the Petersburg dock workers and transport workers take alarm? It is becoming clear that once again good intentions have turned into an illustration of Premier Chernomyrdin's well-known phrase: "They wanted to do good, but it turned out as usual." Neither the port, the forwarding service, or the customs service was ready in practice to implement the new rules. There is only one firm in St. Petersburg which has a license that gives it the right to escort and "clear" freight through customs at the destination point. It takes, in addition to 50,000-100,000 U.S. dollars, 3-4 months to obtain such a license.

With Russia's loss of certain Baltic ports, the St. Petersburg port can barely support the increased freight traffic. The new wharf which was recently accepted for operation still needs to be equipped with transshipment devices, and negotiations are underway with foreign investors.

The Baltic Customs House, which has not undergone structural changes, cannot deal with the drastically increased volume of work—additional staff and the appropriate equipment are needed. The registration procedure is also complicated by the fact that—unlike the situation in Western ports where explicit tariff rates depending on the freight's weight and volume are known—our country has a multitude of differentiated customs benefits.

The lines to the offices of domestic customs officers are already leading to a situation where container freight is being redirected for processing to the nearest foreign Baltic ports: after all, the rules do not apply to freight which goes through them to Russia. The seaport in St. Petersburg began to receive information from maritime agents and ship owners on suspension of the fulfillment of obligations on through-bills of lading, which will mean a reduced freight load for the domestic fleet.

According to the general director of the Petersburg forwarding firm Si Ekpress [Sea Express], Sergey Luzinov, literally a few days after Order No 373 was published, freight being sent to Russia from Latvian ports began to receive the "green light," in expectation that freight traffic would inevitably increase.

A load of 120 containers traveling from Hamburg to St. Petersburg was redirected to the Finnish port of Kotka. The deputy general director of the Petersburg firm Sovmortrans [Soviet Maritime Transport], Aleksandr Rachkov, received a fax from this port's administration which told of its readiness to accept freight coming to St. Petersburg. And the Finnish side notified the Russian consignees that the tariff for shipping one container on the Helsinki-Moscow route is rising from 1,090 to 2,090 dollars. In specialists' opinion, the transport and forwarding services' losses of today will mean higher prices for consumer goods tomorrow. In addition to everything else, the flow of hard currency revenue is gradually beginning to change course toward Western shores to satisfy the customs rivals of the Russian port and transport workers. That opinion was shared by the EEC consultant on transport issues, Bo Andersen, who spoke at the conference of the Association of St. Petersburg Forwarding Agents, which discussed the situation which had developed.

In the opinion of the general director of the joint stock company Morskoy Torgovyy Port Sankt-Peterburg [St. Petersburg Commercial Seaport], Anatoliy Bilichenko, the effect of Order No 373 must be delayed for some time. This has already been done, incidentally, in relation to the RF Committee on Fishing. As the RV [ROSSIYSKIYE VESTI] correspondent was informed, the new customs rules will not apply to its sector's enterprises for another half a year. The chief of the Baltic Customs House Andrey Belonogov also shares this position, although he nonetheless believes that the "freezing" of the order's effect should not be dragged out. The Association of Commercial Seaports of Russia and the CIS also supported its Petersburg colleagues. The document adopted at the Petersburg conference directs the RF Government's attention to the possible deterioration of the situation in the sphere of foreign economic activity.

*Issue of Employing Foreign Workers Addressed

*Statute on Employing Foreign Workers

954E1444A Moscow ROSSIYSKAYA GAZETA (EKONOMICHESKIY SOYUZ SUPPLEMENT) in Russian 16 Sep 95 p 13

[Text of Statute: "On Employing and Utilizing Foreign Manpower in the Russian Federation," place and date unknown. (Document published with certain omissions)]

[FBIS Translated Text] 1. The present statute defines the conditions and procedure of issuing permits for employing foreign manpower in the Russian Federation, and likewise granting foreign citizens the right to engage in labor activity on the territory of the Russian Federation.

2. The issuance of permission for employing foreign manpower (henceforth referred to as permits) and control over their application is performed by the Federal Migration Service of Russia at the proposal of the organs of executive power of the republics within the complement of the Russian Federation, krays, oblasts, the autonomous oblast, autonomous okrugs, and cities of federal significance.

3. The permits establish quotas for employing a specified number of foreign citizens on the whole and by groups of professions, to be hired by employers for work on the territory of the republics within the complement of the Russian Federation, krays, oblasts, the autonomous oblast, autonomous okrugs, and cities of federal significance.

4. Permits may be issued to Russian legal entities, enterprises with foreign investors operating on the territory of the Russian Federation, and likewise to specific Russian and foreign individuals and persons without citizenship living on the territory of the Russian Federation and utilizing the labor of hired workers in their personal economic activities (henceforth referred to as employers). Moreover, the term of professional activity of the employed foreign citizens must not exceed the term of validity of the permit.

5. In order to obtain a permit, an employer must submit the following to the Federal Migration Service of Russia:

—an application;

—the proposal (conclusion) of the appropriate organs of executive power of republics within the complement of the Russian Federation, krays, oblasts, autonomous oblast, autonomous okrugs, or cities of federal significance, with substantiation of the expediency of employment and utilization of foreign manpower by the employer;

—a draft labor contract or other documents confirming preliminary agreement with the foreign citizens or foreign partners on the intent and conditions of employment of the foreign workers. The conditions, wages and labor protection of the foreign citizens, their social provision and insurance are defined by the standards of Russian Federation legislation with consideration for the specifics provided by the inter-state and inter-governmental agreements of the Russian Federation with the foreign countries.

Enterprises, institutions and organizations which are subordinate to the Russian Federation Ministry of Defense must also submit a consent form from the Russian Federation Ministry of Defense for employment of foreign workers in order to obtain the permit.

6. The proposals (conclusions) of the organs of executive power of republics within the complement of the Russian Federation, krays, oblasts, the autonomous oblast, autonomous okrugs, or cities of federal significance on employment of foreign manpower by an employer are based on the principle of priority right of Russian citizens to fill job openings, and are prepared with consideration for the availability of equivalent manpower on the corresponding territory; the absence of the possibility of redistribution of labor resources from other regions of the country; the provision of equal conditions and labor wage of foreign workers in relation to citizens of the Russian Federation, and the prevention of negative effect of hiring foreign citizens on the employment conditions of Russian citizens.

7. The decision on issuance of permits is made by the Federal Migration Service of Russia within 30 days from the day the employer files the documents specified in point 5 of the present statute. If the performance of an expert evaluation is required for adoption of the decision on issuance of the permit, the decision is adopted within 15 days from receipt of the expert conclusion, but no later than 45 days from the day of filing of the said documents.

A motivated refusal to issue the permit is sent to the employer in written form within a period of 5 days after adoption of the decision on refusal to issue the permit.

8. Permits are issued, as a rule, for a term of up to 1 year. At the motivated request of the employer, the validity of the permit after expiration of this term may be extended, but for no more than 1 year.

Upon extension of the term of validity of the permit, payment in the amount specified for issuance of the permit is collected from the employer.

9. The permit is not transferrable to other employers. Foreign workers employed on the basis of the permit may not be transferred to work for another employer.

11. Employers who have obtained a permit to employ foreign manpower must, within a month's time, forward to the Federal Migration Service of Russia information on conclusion of labor contracts with the foreign workers on the basis of the permit.

12. If the employer violates the conditions specified in the permit, the present statute, or the Russian Federation legislation, and if the rights of the foreign workers are infringed upon as a result of such violation, the Federal Migration Service of Russia may suspend the effectiveness of the permit until the allowed violations have been corrected, or issue instructions on their correction within a specified time. If the violations are not corrected within the specified time, the permit may be annulled at the decision of the Federal Migration Service of Russia.

The employer may, without warning, be deprived of the right of use of the permit, for action or inaction resulting in the threat of death of persons or infliction of loss to their health.

13. If the employer terminates his economic activity or implements measures to reduce the number or staff of workers, the issued permit is invalidated, regardless of whether or not the term for which it was issued has expired.

14. A foreign citizen who has entered the Russian Federation for the purpose of performing professional activity may work for hire on the territory of the Russian Federation only if he has confirmation of the right to labor activity, issued in his name on the basis of the permit obtained by the employer, in accordance with the form given in Appendix No 2.

In the cases specified by point 16 of the present statute, issuance of confirmation of the right to labor activity on the territory of the Russian Federation to foreign citizens is performed without formulation of the permit.

*Migration Service Deputy Chief Comments

954E1444B Moscow ROSSIYSKAYA GAZETA (EKONOMICHESKIY SOYUZ SUPPLEMENT) in Russian 16 Sep 95 p 13

[Article by Yuriy Prokofyev, deputy Chief of Administration of the FMS [Federal Migration Service] of

Russia: "Employment of Foreign Manpower—Priority Right of the State"]

[FBIS Translated Text] **The influx of foreign manpower into Russia is practically uncontrollable and unmanageable. And all this on the background of its rather high intensity.**

A principally new situation is being formulated in Russia today with the utilization of foreign manpower in the country. While in the 70's and early 80's, the continuous increase in the number of foreign workers in Russia was determined by the character of our economy and by the fact that major projects within the framework of the integrated programs of the former CEMA [Council for Economic Mutual Assistance] states were becoming a reality, with the start of reforms in Russia and, accordingly, the start of the rapid development of entrepreneurship and the orientation toward attracting foreign investments to the country's economy, the situation changed drastically.

According to the estimates of specialists, in the nearest time the number of unemployed persons in Russia may reach up to 9 million persons. Under these conditions, the following task has become most acute: To ensure priority in employment for our own national work force.

Although, on the other hand, it is impossible to formulate a labor market without the employment of foreign manpower. One of the reasons for this is the imbalance of our own labor resources and jobs in the country. And this is already a consequence of the shortcomings in planning and siting of production capacities, of the technical and investment policy, and of the deformation of the very structure of the national economy which existed in previous years.

In this situation, the need has arisen for creating a normal mechanism which would meet current requirements. This mechanism would, on one hand, ensure the priority right of citizens of Russia to fill vacant job openings and, on the other, would legalize the professional activity of foreign citizens who are justifiably working on our territory.

For these purposes, the statute which states that the employment of foreign manpower in the Russian Federation is a priority right of the state was included in the law, "On Employment of the Population in the Russian Federation," which was adopted back in 1992.

The Edict of the President of the Russian Federation (dated 16 December 1993, No 2145) ratified the statute, "On Employing and Utilizing Foreign Manpower in the Russian Federation," which specifies the mechanism for realization of the procedure for granting permission of access of foreign manpower to the national labor market.

In brief summary, these documents contain:

—a definition of the federal organ of executive power responsible for issuance of permits for employment of foreign manpower (FMS of Russia);

—a definition of employers who have the right to employ foreign manpower (Russian legal entities, enterprises with foreign investments, Russian and foreign individuals and persons without citizenship utilizing the labor of hired workers in their personal economic activity).

In the next Edict of the President of Russia (29 April 1994, No 847), the following conditions of the Statute were extended also to foreign legal entities:

—the procedure for employers to obtain permits (packet of documents submitted by the employer for review to the FMS of Russia, the terms of review, etc.);

—the sanctions applied to employers who illegally hire foreign manpower or who violate the conditions of the Statute regarding its utilization;

—a definition of foreign citizens to whom the established procedure does not apply.

*Table Lists Number, Origin of Workers

954E1444C Moscow ROSSIYSKAYA GAZETA (EKONOMICHESKIY SOYUZ SUPPLEMENT) in Russian 16 Sep 95 p 13

[Table listing number and country of origin of foreign workers for 1994]

[FBIS Translated Text]

NUMBER AND STRUCTURE OF EMPLOYED FOREIGN MANPOWER BY COUNTRIES OF ORIGIN FOR 1994

Economic republics	Total, persons	industry	construction	agriculture	transport	services	other
1	2	3	4	5	6	7	8
Total foreign manpower	128999	28954	58425	20700	7777	3035	10108
CIS countries	70822	25791	21104	13028	6818	540	3541
including:							
Azerbaijan	426	83	210	68	53	4	8
Armenia	1687	106	1072	365	58	11	75
Belarus	5812	2446	1581	103	648	3	1031
Georgia	915	38	605	112	58	19	83
Kazakhstan	1007	447	343	9	91	2	115
Kyrgyzstan	142	36	32	15	5		54
Moldova	3692	518	607	2079	391	4	93
Tajikistan	572	415	120	4	3		30
Turkmenia	16	8	7				1
Uzbekistan	1474	365	800	80	138	10	81
Ukraine	55079	21329	15727	10193	5373	487	1970
Baltic countries	2959	31	2810	2	2	57	57
Latvia	238	7	211	2	1	2	15
Lithuania	2181	9	2084		1	55	32
Estonia	540	15	515				10
Countries of former Yugoslavia	4002	548	2976	0	321	37	120
Bosnia and Hercegovina	145		140				5
Macedonia	333	78	250				5
Croatia	314		298			5	11
Slovenia	103		91				12
Republic of Yugoslavia	2621	470	1881		151	32	87
Serbia	486		316		170		

Economic republics	Total, persons	industry	construction	agriculture	transport	services	other
1	2	3	4	5	6	7	8
Australia	29	1	3				25
Afghanistan	88	1	8			45	34
Austria	86	2	27		1	5	51
Bangladesh	72					53	19
Belgium	67	1				2	64
Bulgaria	805	12	742		13	1	37
Great Britain	488	41	17	1	2	27	400
Hungary	78	4	46		7		21
Vietnam	1047	125	42	1	1	238	640
Germany	421	20	117			41	243
Denmark	62					13	49
Israel	107	3				29	75
India	474		138			224	112
Italy	626	14	445		5	47	115
Ireland	75	1	2			43	29
Spain	62					33	29
Canada	421	218				59	144
China	20301	1050	9126	6506	341	921	2357
KPDR [Korean People's Democratic Republic]	5862	472	3907	1117	262	33	71
Republic of Korea	621	217	272	2		20	110
Cuba	26		2			11	13
Lebanon	84					51	33
Mongolia	615	43	498			2	72
Netherlands	52	2		1		9	40
Norway	32	2				11	19
Pakistan	35					15	20
Poland	1939	3	1768			54	114
Portugal	26		25			1	
Romania	51		40			3	8
Syria	244		111			89	44
Slovakia	1906	2	1903				1
USA	810	177	34		2	72	525

Economic republics	Total, persons	industry	construction	agriculture	transport	services	other
1	2	3	4	5	6	7	8
Turkey	12068	9	11747			23	289
Finland	588	68	364			43	113
France	270	2	4			46	218
Czechia	210	67	132			1	10
Switzerland	29			1		2	26
Sweden	67	3				20	44
Japan	116	18	3	7		15	73
Others (41 countries)	256	6	12	34	2	99	103

*Diplomatic Activities on Caspian Oil Detailed

954F3453A Moscow SEGODNYA in Russian 8 Sep 95 p 9

[Article by Vladimir Razuvayev, doctor of political sciences: "A Small Oil War: The 'Battle for the Caspian' in Russian Corridors of Power"]

[FBIS Translated Text] On 26 November 1993 in Baku, Yuriy Shafranik, minister of fuel and energy, signed a Russian-Azerbaijani intergovernmental agreement, On Cooperation in the Exploration and Development of Petroleum and Gas Fields on the Territory of the Azerbaijani Republic, that provided for the Russian company Lukoyl's participation in developing the Azeri and Chirag fields. The agreement allowed one of the country's biggest oil companies to join an extremely large international consortium for exploiting three Caspian fields with industrial reserves of more than 450 million tonnes of petroleum. These fields are the most attractive on the territory of the former USSR, since they have been well studied and do not require additional geological exploration. It was with this Baku visit by Shafranik and the agreement he signed that Lukoyl's ambitious international plans, including the intention to expand toward the Middle East, became possible.

At the same time, 26 November 1993 became the date of an undeclared "oil war" in Russian executive agencies. The agreement Shafranik signed had not been cleared, as it should have been, with the Ministry of Foreign Affairs. Consequently, the text of the document referred to the Azeri and Chirag fields as being located "in the Azerbaijani sector of the Caspian Sea," which categorically contradicted the Russian Foreign Ministry's view of the Caspian's status. The Ministry of Fuel and Energy had to withstand severe criticism from the Foreign Ministry. And after an international consortium, which Lukoyl joined, was founded to develop the Azeri, Chirag and Gyunsshli fields, the Russian oil company ran into a storm of indignation from the country's diplomats. In brief, it was accused of violating Russian national interests and undermining the multilateral talks that were in progress on the status of the Caspian.

The littoral Caspian states' work on new agreements on the Caspian began at Iran's initiative in February 1992, i.e., almost immediately after the breakup of the USSR. Moscow's view is based on the categorical rejection of unilateral actions to alter the Caspian's status, and on recognition of the main part of its water area as being the common property of the Caspian littoral states. There can hardly be any doubt that this position accords with the long-range interests of both Russia and the other Caspian littoral states, since intensive unilateral development of natural resources there could cause irreparable damage to the region's ecology.

At first glance, everything appears logical and indisputable. If it were not for one important circumstance: so far, the multilateral talks on the Caspian's status have produced no results. Russian diplomats have three explanations for the belatedness in working out agreements on the Caspian. The first is that the main problem is the intergovernmental agreement that Shafranik signed with Azerbaijan. By recognizing part of the Caspian as Azerbaijani territory, the minister of fuel and energy established a precedent that now undermines the Russian position in the multilateral negotiations.

The second explanation boils down to the claim that U.S. diplomacy has had a most negative impact on the situation. Washington has been arguing to the Caspian states that they stand to benefit from dividing the Caspian into national zones and then each extracting oil on its own territory. U.S. opinion gets the most receptive hearing in Baku and Almaty. Moscow has already attempted to influence the United States, but to virtually no avail. Washington's intransigence is attributable to the fact that it is vigorously lobbying for the interests of American oil companies, which have an interest in the maximum weakening of Russia's influence in that region.

The third reason that Russian diplomats cite consists in the claim that the post-Soviet elites in the Caspian littoral states are still insufficiently professional and give little thought to the future. For them, "quick" petrodollars are the most attractive thing today. What happens later, after a few decades, is not taken into account.

None of these explanations seems significant enough. Post-Soviet diplomacy is so unique that the signature of one member of a cabinet of ministers on an international agreement means little. Sometimes even presidents first sign some official document or other and then repudiate their signature. Some of them have simply crossed theirs out. So I am afraid that Shafranik's mistake (if, of course, it was a mistake) had no significant affect on the efforts to reach agreement on the Caspian's status.

The influence of U.S. diplomacy, of course, is a more serious reason, but in the bigger picture, the Caspian region is not Bosnia, and Moscow has very good chances not only of neutralizing U.S. interference but of pushing Washington out of its sphere of influence, if, of course, it sets that goal for itself.

As for the intractability of the post-Soviet elites, that argument "works" no better than the other two. Russia today holds a sufficient set of levers of influence over its neighbors that it is unbecoming for its leaders to complain of the "obstinacy" of Transcaucasian and Central Asian governments. Controlling water routes through the Volga that are vitally important to the Caspian littoral states, it can (and perhaps should) make its arguments comprehensible to any partner. If one also considers that all of the region's post-Soviet elites, including the Azerbaijani elite, have distinct financial interests in Russia, Moscow is perfectly capable of being very persuasive in its "legal dialogue" with Almaty or Baku.

In my view, the main reason preventing Moscow from achieving the desired agreements on the Caspian lies chiefly in purely internal Russian factors. Formally, Russia is represented in the region by three main "players": the federal authorities, the administrations of the Caspian littoral components of the Federation (Kalmykia, Dagestan and Astrakhan Oblast), and the most active player from the business world, Lukoyl. Their actions show no evidence of coordination. Granted, the oil officials did manage to get the agreements they needed from the pertinent administrations of the Federation's components. In addition, Lukoyl, its executives assure, is prepared to take the interests of fishing and environmental protection on the Caspian into account. However, in every other respect there is still no agreement, much less the joint actions that are so essential today, among the Russian players in Caspian politics.

Instead of the development of a single policy, what is going on are a behind the scenes struggle between the Foreign Ministry and Ministry of Fuel and Energy and, outwardly, an unnatural (at least in my view) confrontation between the Foreign Ministry and Lukoyl. So far representatives of the main foreign policy agency have been waging a prolonged battle for a Caspian legal status that accords with Russian interests, while oil officials have been gradually concluding agreements with the Caspian states' governments. Consequently, the mere mention of the name of Russia's largest oil company at the Foreign Ministry often evokes a whole range of negative emotions. The oil company's expansion has been actively supported by the Ministry of Fuel and Energy. Lukoyl's most recent success in Kazakhstan was achieved through pressure from the Russian Government and Prime Minister Viktor Chernomyrdin personally, who assured Almaty in a letter that Moscow greatly appreciates its readiness to cooperate with Lukoyl.

One should not, however, overestimate Lukoyl's achievements on the Caspian. It is no secret that its share of participation in developing the Caspian oil fields is relatively small and could, and should, have been much greater, given a different Russian policy in the region. Let us note that the 10 percent in the "Azerbaijani deal" was obtained as the result of a maneuver that was unseemly for a great power: while diplomats were steadfastly, albeit unproductively, pushing the Kremlin-approved political line with respect to the Caspian's status, oil industry officials in the person of Shafranik and Lukoyl, to all intents and purposes, stabbed them in the back and, what's more, requested part of Baku's share in the international consortium for doing so. It is claimed that the oil officials' step was approved by Viktor Chernomyrdin.

Russian diplomats believe that Moscow's most important objective in the region is not so much oil extraction as preserving the main ecological characteristics of the Caspian. The economic systems of Russia's Caspian regions are largely based on fishing. The intensive development of the Caspian seabed could do irreparable damage to local fishing. Oil extraction in the protected zone in the northern Caspian represents a particular danger for fishing. Most of the nature conservation territory borders on the Kazakh coast, and whether Almaty will refrain from oil extraction in the name of Russian sturgeon and sprat fishing remains an open question.

It is noteworthy that representatives of both the Foreign Ministry and Lukoyl are convinced that precisely their views accord with Russian national interests. In this regard, the diplomats rely on the prestige of one of the leading state institutions that has existed since Soviet times, while oil-industry officials rely on the realities of the post-communist period. So far neither side has shown any particular desire to hear out the opposing side and understand its motives.

The Russian positions on the Caspian have been further weakened by the well-known inclination of our executive branch to decide key questions not so much by trying to reconcile the views of different state institutions as through head-to-head confrontations or skillful—as skillful as can be managed—maneuvers and intrigues. The "oil war" between the Ministry of Fuel and Energy and Ministry of Foreign Affairs, as well between as the forces behind them, continues. Perhaps that is why Albert Chernyshev, Russia's former ambassador in Ankara and now deputy minister of foreign affairs, just recently announced, after a visit to Turkey, that Moscow had no objections to a "Turkish option" for transporting oil from the Caspian, and that came in a situation in which Ankara has been taking economic and political steps in the Transcaucasus and Central Asia to reorient the routes of oil and gas pipelines through its country. The Turkish side's position regarding Dudayev's supporters and the war in Chechnya, through whose territory the trunk oil pipeline that Moscow is proposing to use for transporting Caspian oil passes, is also well known.

Russian foreign policy's latest problems in post-Soviet space are not so innocent as they might seem at first glance. The problem here lies neither solely nor primarily in the ambitions of Kozyrev or Shafranik, Lukoyl or the Foreign Ministry. The Caspian issue is one of the most important geopolitical problems on the territory of the former USSR. The interests of the world's major states are intertwined there. Strategically important oil fields and fish stocks are located there. Oil and gas pipelines of vital importance to the Caspian states (including Russia) will originate there. In some Caspian countries, wars were being fought only recently. In some, conflicts may still flare up. Not just oil officials and diplomats, but cultures and geopolitical orientations are clashing there. The status quo there will not be maintained for long. The only question is who will change it and to whose benefit.

Only one solution can satisfy Russia—predominance on the Caspian. It has the rights and the capability to do so. The alternative would lead to Moscow's loss of political influence in the region, and that would inevitably be followed by Russia's being crowded out of it. At first, fish stocks might be lost—and lost forever—and then Lukoyl would inevitably begin to lose its standing in Caspian oil extraction. The next time that some Moscow official decides—"in the general interest," of course—to disavow a Russian position on the Caspian that has been approved by the president—he will thereby not only be ensuring the oil industry a certain participation in the development of oil fields, but will also be totally undermining Russian oil companies' future positions, because if Russia does not enjoy dominant influence on the Caspian, in 10-15 years, it will be mainly non-Russian, almost exclusively Western, companies that are extracting oil there.

*Prospects, Stumbling Blocks in Russian-Indian Trade Assessed

954E1446A Moscow ROSSIYSKAYA GAZETA (EKONOMICHESKIY SOYUZ SUPPLEMENT) in Russian 16 Sep 95 p 15

[Article by Boris Aleksandrov: "Tea, Toacco, and Beans Are Ripening Again in India"]

[FBIS Translated Text] **A number of new initiatives have been undertaken recently to restore the ties in the area of trade and investments with Russia, which has become the successor to India's ancient partner, the USSR.**

The volume of bilateral trade, after falling to an extremely low level, is finally increasing gradually thanks to the efforts to implement several projects pertaining to the creation of joint ventures in the private sector. According to the most recent official data, the influential HINDU newspaper in India writes, in April-May the commodity turnover between the two countries came to $342 million. That attests to the fact that the goal that has been set — the goal of bringing that indicator by the end of the current fiscal year (Ed. note: that is, by 31 March 1996) to $1612 billion — will be easily achieved.

But, despite the fact that the process of restoring the economic-trade relations between the two countries is gaining momentum, in the opinion of sources in the Indian government, at the present time there continue to be considerable obstacles that are continuing to restrain the growth of bilateral trade and investments. This pertains first of all to the inability of the Russian administration to create favorable conditions for Indian exporters; the lack of a reliable mechanism for paying off Indian indebtedness to Russia; as well as problems with shipping out the Indian goods that are intended for export.

Active dialogue with regard to these questions began in the course of a visit in July of this year to India by Yuriy Yarov, deputy chairman of the RF Government, who discussed with the Indian side the prospects for using the Indian indebtedness by means of creating joint ventures on the territory of the two countries. They include projects for constructing a seaport terminal in Novorossiysk and the erecting of the second phase of the large-scale Intourist hotel complex in Novgorod.

At the same time, official sources in the government note that the Russian authorities have not yet submitted any recommendations for implementing projects in the area of investments. The lack of specific plans in India is linked with the fact that Russia's changeover to the market economy led to a breakdown in the activity of the administrative system, and that resulted in inevitable delays in the making of specific decisions.

The lack of a single organization for maintaining trade relations after the elimination of the major partners in the state sector of the former USSR also is leading to the arising of additional difficulties. Under these conditions, the shipments to Russia of such traditional commodities of Indian export as tea, tobacco, and soy beans are being carried out irregularly, despite the established firm annual quotas. Also, the Indian Ministry of Trade is faced by two very important tasks: first, to guarantee the necessary reserves of goods to be exported to Russia, and, secondly, to create the conditions for their delivery to the Russian market.

As for the problem of Indian indebtedness, it is assumed in New Delhi that the system existing in Russia for realizing part of the debt by means of auctions is not yet sufficiently "transparent" and the Indian side cannot insist on radical changes until that mechanism is completely within the sphere of is competency. On its part, India has repeatedly proposed getting rid of the arising problems by using the indebtedness to purchase large-scale consignments of Indian consumer goods.

Payments into the account for paying off the indebtedness constitute at the present time approximately 80 percent of the total Indian export to Russia. Thus, in the 1994-1995 fiscal year, out of the total volume of commodities sold on the Russian market with a total value of $806 million, $645 million was paid off at the expense of the debt. However, this is less than the planned indicator of $967 million, which India has pledged to pay off annually for 12 years. Taking into consideration the considerable growth of bilateral trade, in this year there are good reasons for hoping that that indicator will be achieved. In addition to the exporting of the traditional commodities — tea and tobacco — there will be a noticeable increase in the rates of shipment to Russia of computer equipment and software, electric motors, and paint and lacquer materials. Indian knitwear, which used to occupy a noticeable place in the goods imported into the Soviet Union, is being purchased in large quantities by Russian tourists.

*Revision of Russia's Stand on Kuril Islands Urged

954F3433A Moscow SEGODNYA in Russian
1 Sep 95 p 9

[Article by Anatoliy Shmyrev: "Russia Must Apologize to Japan for Treaty Violations and Occupation of 'Northern Territories'"]

[FBIS Translated Text] On August 6, the mayor of the Japanese city of Hiroshima, speaking at a funeral ceremony, extended apologies to the United States for the December 7, 1941 attack on Pearl Harbor. This genuinely noble gesture testifies to the attempts of this long-suffering city's residents to reconcile with the Americans. It would also be good if the apologies of the mayor of the city of Hiroshima served for us, in Russia, as an occasion for thought and as a stimulus to admit a truth that is unpleasant for Russia: it is not the Japanese side, but we, who bear the blame for the current impasse in Russian-Japanese relations.

Let me remind you of the events of fifty years ago. On August 8, 1945, when Stalin and his clique already knew about the nuclear explosion and could not fail to realize that Japan could not withstand much more, Molotov, the people's commissar of foreign affairs, presented to Sato, the Japanese ambassador, a declaration from the government of the USSR, the basic idea of which was contained in the last phrase: "In light of the above, the Soviet government declares that starting tomorrow, that is, on August 9, the Soviet Union will consider itself to be in a state of war with Japan."

"The above," strange though it may seem to any unprejudiced person, did not contain a single word about the state of bilateral relations! The Soviet ruling higher-ups, even at that time, had no more-or-less serious accusations that might have seemed sufficiently convincing for a declaration of war against Japan. Besides this, the declaration spoke of "fidelity to the allied duty," and confirmed that "this policy," in other words, the USSR's adherence to the Potsdam declaration and its entry into the war against Japan, "was the only means capable of hastening the onset of peace, of preventing nations from further victimization and suffering" and so forth and so on. In modern jargon this is called nonsense, or, to put it differently, the Stalin leadership was pulling the wool over the eyes of the Soviet people, the Japanese and the entire world community. But the Japanese and the entire world shook that wool off long ago, at a time when you could still see that wool over the eyes of many of our citizens.

At that time, neither the Japanese nor Soviet citizens knew that the Soviet Union had entered the war under conditions providing that the Kuril Islands be ripped away from Japan and given to the USSR, and that the southern part of Sakhalin Island, which went to Japan according to the Portsmouth treaty of 1905, be returned to us. However, unlike Sakhalin, which belonged to Russia in its entirety from 1875 until 1905, as well as the northern and central sections of the Kuril chain, which were part of Russia from 1855 until 1875, the section of the Kuril Islands starting with Iturup and south, to the island of Hokkaido, were never ours and were recognized as Japanese beginning with the first treaty between Russia and Japan, which was concluded in 1855. And back in 1821, Emperor Aleksandr I decreed in an edict that the lands "...to the Southern Cape of the island Urupa" be considered Russian possessions, which meant: Iturup and the other islands south of it were not ours. The indistinct, that is, undetailed third point about "transfer to the Soviet Union of the Kuril Islands" was included in the text of a secret agreement that was a deal made between three private persons—Joseph Stalin, Franklin Roosevelt and Winston Churchill. This agreement was not presented either to the senate of the U.S. Congress, to the parliament of Great Britain, or to the Presidium of the Supreme Soviet of the USSR (although Kalinin almost certainly ratified it). All the same, some people here are stubbornly hanging onto it, because there are no other arguments. Even now, we very rarely speak about the fact that the annexation of all the Kuril Islands was an unconcealed violation of one of the basic documents determining the actions of the powers of the anti-fascist coalition known throughout the world as the Atlantic Charter. Roosevelt and Churchill signed it on August 14, 1941, and the USSR joined it on September 24 of that same year. The U.S.A. and Great Britain "...will not agree upon any territorial changes that do not have the approval, and the freely expressed desire, of the interested peoples,"—was written in the Atlantic Charter. An announcement by the government of the USSR on September 24 said: "...the Soviet Union defends the right of every people to its country's state independence and territorial inviolability..." There wasn't a single word that said that the German and Japanese peoples were exceptions. Yes, and the Cairo declaration, in which the United States, Great Britain and China set out their goals in the war against Japan and which laid the foundation for the Potsdam Declaration and, subsequently, was formally supported by the Soviet leadership, said that the allied powers "...are not striving for any kind of winnings for themselves, and have no thoughts of territorial expansion." In fact, the leaders of the U.S.A. and Great Britain had concluded a secret deal with the Soviet dictator.

Nor is it accepted among us to write that with its entrance into the war, the Soviet Union violated the Soviet-Japanese neutrality pact of April 13, 1941. In article three of the pact it is written: "If neither of the negotiating parties denounces the pact before the expiration of its validity, it will be considered automatically extended for the next five years." Consequently, if Stalin and his clique had already taken it into their heads to go to war with Japan, they would have had to have denounced the pact in fall of 1944, claiming altered circumstances. However, the announcement made by the USSR government denouncing the pact was made on April 5, 1945, and in this case, the USSR had the right to inform Japan that it was at war only in spring of 1946. However, Stalin couldn't wait that long, so a discrepancy arose, about which the Kremlin leadership couldn't care less.

Fifty years have passed since then. As before, many of us do not wish to agree with the obvious facts: the USSR's military actions against Japan over the period from August 9 through September 5, 1945—were a shameful period in our history. Japan did not attack the Soviet Union; the USSR entered into a war against Japan only in the concluding stage of the war in the Far East, concealing its true goals both from Japan and the entire world (the secret agreement on the Far East was published in IZVESTIYA only on February 12, 1946). We have no rights to the "northern territories," and therefore, at some point—and it would be in Russia's interest to make it as soon as possible—we will have to return to Japan the islands of Iturup, Kunashir, Shikotan, Khabomai. But first, we need a historical and legal analysis of Soviet-Japanese and Russian-Japanese relations, because for too long the opinion of our allegedly "primordial rights to all the Kuril Islands" has been foisted first upon the population of the Soviet Union, then Russia. In other words, it must be made clear what and for what reason we must return to Japan.

Our disinformation relating to issues of relations with Japan simply discourages me, as a student of Japan. Many of the people I have spoken with are seriously convinced that "Russia by rights owns all the Kuril Islands because the Japanese were the aggressors and the USSR won the war." We would be better to keep quiet about who the aggressor was; after all, it was the Soviet Union that began the war with Japan, and in so doing violated the neutrality pact. Now, it would be proper for us to extend apologies to Japan for the Soviet leadership's treachery in 1945. With these apologies, we could raise, even to a small degree, Russia's prestige in the eyes of the Japanese, and distance ourselves from the policy of the mustachioed dictator and his assistants.

This is a jubilee year; we are marking the fifty-year anniversary of victory in the Great Patriotic War. This was a war set loose by fascist Germany, after it treacherously attacked the Soviet Union on the night of June 22, 1941. Our valorous army was victorious, the war ended in May, 1945, and since then we have celebrated May 9 as Victory Day. The war against Japan was not a Great Patriotic War, it was Stalinist intrigue aimed at territorial expansion and at participation in the division of spheres of influence in Asia and in the Far East. We have rid ourselves of the remainders of Stalinist policy and the cold war in Europe, but in Asia and in the Far East, Stalin's legacy, as before, prevails over us.

*Bulgarian Premier on Moscow Visit Objectives

954F3526A Moscow SEGODNYA in Russian 19 Sep 95 p 3

[Interview with Zhan Videnov, prime minister of Bulgaria, by Andrey Apostolov; place and date not given: "Zhan Videnov: The Most Extensive of the Traditional Markets is Russia's"]

[FBIS Translated Text] Zhan Videnov is prime minister of Bulgaria. He was born on 22 March 1959 in Plovdiv. He attended school here in the city's English Secondary School. After this, he graduated from the International Economic Relations Faculty of the Moscow State International Relations Institute and then worked at the Plovdiv Biotekhnika Association. He worked in the Dimitrov Communist Youth League and on the staff of the Bulgarian Communist Party Central Committee. As of 1990 he was a leader, and as of December 1991, the chairman, of the Bulgarian Socialist Party (the former Bulgarian Communist Party) Supreme Council. In the summer of 1994 he was reelected to this position at a party congress. He has been prime minister of Bulgaria since 26 January 1995. He was Bulgarian fencing champion. He is married with a son.

[Apostolov] Is the purpose of your present visit to Moscow political or economic?

[Videnov] It would be wrong to divide the political and economic aspects of Bulgarian-Russian relations at the top level. Both you in Russia and we in Bulgaria are subordinating our entire activity to the new logic—building policy, contacts, and interaction on the basis of economic interest and the requirements of the market. Now, under the conditions of the transition that is being experienced by both countries, the restoration of economic relations takes precedence. I am convinced that it is here that the interest of both states lies.

[Apostolov] How do you evaluate the state of bilateral economic relations?

[Videnov] We should not forget that when, after 1989, relations between East European countries were disrupted and severed, part of the world market was, in fact, destroyed and an enormous—manifold—recession followed. The absence of markets was reflected directly in production in individual countries and at the joint factories where they had existed. The unprecedented decline in production is, for its part, causing social consequences of incredible scale—unemployment, impoverishment, the growth of crime, and so forth. This is why a principal goal which our government sets itself is the restoration of the traditional markets, the most extensive of which is the Russian market.

This restoration, however, should not be perceived as some reinstatement pure and simple. We are endeavoring to ensure that our economic relations begin to develop on a new, modern basis—from both the legislative and the substantive viewpoints. That they be geared to production engineering and infrastructural renewal and, I would like to emphasize this particularly, that they be built on the basis of a combination of the interests of both countries with regard to the most modern European standards of relations.

In addition, the real interests of both Bulgaria and Russia objectively require the expansion and intensification of our mutually profitable cooperation and are leading toward this. There is no alternative to our new contacts—they must inevitably help us continue the modernization of our societies and ensure new standards of production and the life of the ordinary people. And we are already observing a revitalization and upward movement of our bilateral economic relations.

[Apostolov] Let us return now to the topic of the Topenerdzhi. Is there a conflict, can the contradictions be smoothed over? What prospects does this project afford Bulgaria?

[Videnov] I do not believe that on the topic connected with transit communication projects—transport, telephone, power engineering—there is any conflict—either between the two states or within either country. What do exist are different viewpoints and different project-development possibilities, and it is these that we will clarify with your prime minister Mr. Chernomyrdin in the mixed commissions between firms of the two countries.

But, in my view, the second part of your question is more important. Both Russia and Bulgaria and third countries have an interest in these projects. They have economic dimensions, and they are undoubtedly the most important, but both the political and social aspects of the problem are at the same time important also. Questions of the development of markets, an increase in production, investments, substantial, what is more, and new infrastructures are of priority significance both for us and for Russia.

It seems to me that the economic and strategic advantages of such projects (the Burgaz-Alexandroupolis oil pipeline, for example) are obvious. We are, indeed, interested in serious efforts being exerted for their realization. And, not least, I would like to emphasize, the realization of such projects will contribute to the strengthening of stability both in our region and throughout Europe.

[Apostolov] Despite the assurances of the Russian side, the question of the payment of Russia's debt to Bulgaria has still not been finally settled. Do you expect positive steps in this respect? Will Bulgaria receive the supplies it has been promised?

[Videnov] On the contrary, we may observe with satisfaction that the fundamental issues connected with the size of the debt and the methods and timeframe of its repayment have been resolved. We are now at the stage of specification of actual contracts for supplies of raw material and special equipment for the needs of Bulgarian iron and steel industry and the Bulgarian Army, by means of which the debt will practically be paid off.

[Apostolov] How does the Bulgarian Government evaluate the events in Bosnia? Voices concerning Orthodox support at the United Nations on the part of Bulgaria and Greece for an end to the NATO operation have been heard in the Russian Duma. What is your opinion?

[Videnov] In the recent dramatic days in Bosnia also the Bulgarian position has remained scrupulous and invariable. We are categorically opposed to all attempts to resolve the Yugo-conflict by force of arms. Bulgaria supports all efforts aimed at an end to the bloodshed, a guaranteeing of the life and security of the peaceful population, and negotiations being given a chance. The conflict should be settled on the basis of a balanced and impartial approach toward all the belligerents. The internationalization of the conflict by way of the adoption of a decision on a unilateral lifting of the arms embargo, particularly on the part of the Balkan states, is totally unacceptable to us. Although the conflict in the former Yugoslavia indirectly affects us also—as a result of the Yugo-sanctions, according to IMF data, Bulgaria had incurred a loss amounting to $115 million up to 1993. This figure has now already passed $2 billion, so together with the achievement of a peaceful, just, and lasting resolution of the conflict we are insisting on the limitation or the cancellation of the economic sanctions against Serbia and Montenegro.

I would like to emphasize one more point also—the infamous term "Balkanization" is characteristic of far from all countries of the region. We can resolve our problems in the most civilized manner and maintain very good mutual relations. As an example we could point to Bulgarian-Greek relations, which were good even during the cold war and are good now under the conditions of the serious conflicts in the Balkans.

[Apostolov] In whose sphere of influence is Bulgaria now, or is it simply "no man's land"? And, in this connection: Should it be standing in line and awaiting admittance to the EU and NATO, will this not intensify internal contradictions in the East European countries?

[Videnov] The global changes that set in after 1989 rule out the possibility of any country of Eastern or Central Europe being in anyone's sphere of influence. Bulgaria is a sovereign independent state, and the main priority of our foreign policy is access to European and Euro-Atlantic structures. Since 1992 we have been a member of the Council of Europe and are making active efforts to ensure that we become a full member of it. Bulgaria also aspires to the security structures that are operating in Europe, but membership of them presupposes also the creation of new systems of global and regional security built on new principles. They can be strong only when the countries—both large and small—are a part of a single common sphere of security, stability, and development.

Political Issues

Oleg Lobov Named Presidential Representative in Chechnya

Text of Edict Appointing Lobov

954E1364A Moscow ROSSIYSKAYA GAZETA in Russian 5 Sep 95 p 4

["Text" of Edict No 886 of 29 August 1995 of the Russian Federation president "On the RF President's Representative in the Chechen Republic"]

[FBIS Translated Text] To ensure human and civil rights and liberties, coordinate the activities of federal organs of executive power in restoring constitutional legality and order, create conditions for the conduct of free democratic elections in the Chechen Republic, shape its organs of state power, ensure the guarantees of fulfillment of the agreements on peaceful resolution of the situation in the Chechen Republic, including on the set of military issues, and guided by Article 80 and Point K of Article 83 of the Constitution of the Russian Republic, **I decree:**

1. Oleg Ivanovich Lobov, secretary of the Security Council of the Russian Federation, is appointed representative of the RF president in the Chechen Republic.

2. The proposed Statute on the Representative of the RF president in the Chechen Republic is ratified.

3. It is stipulated that the RF president's representative in the Chechen Republic, within the limits of his authority, directs and coordinates the activities of federal organs of executive power and organs of executive power of the subjects of the Russian Federation who are performing tasks related to resolving the crisis in the Chechen Republic.

4. The federal agency for governmental communications and information of the RF president will provide the RF president's representative in the Chechen Republic with essential forms of communication, computer equipment, and video and audio equipment.

5. The Rossiya State Transportation Company will assign to the RF president's representative in the Chechen Republic a TU-134 aircraft (based in the city of Moscow) and two helicopters (based in the city of Pyatigorsk).

6. The security of the RF president's representative in the Chechen Republic and of the persons supporting his activities will be ensured by the RF Main Guard Administration.

7. In one week the RF Government will determine the procedure for labor payment and granting additional benefits to associates of the representative's office and to persons sent to work under the command of the representative.

8. The following are repealed:

—Edict No 2136 of the RF president, dated 30 November 1994 and entitled "N. D. Yegorov" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No 32, Article 3345);

—Point 2 of Edict No 2200 of the RF president, dated 17 December 1994 and entitled "Restoration of Federal Territorial Organs of Executive Power in the Territory of the Chechen Republic" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No 34, Article 3589);

—Edict No 141 of the RF president, dated 16 February 1995 and entitled "O. N. Soskovets" (SOBRANIYE ZAKONODATELSTVO ROSSIYSKOY FEDERATSII, 1995, No 8, Article 660).

Edict No 2201 of the RF president, dated 18 December 1994 and entitled "The Representative of the RF President in the Chechen Republic" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No 34, Article 3590) is declared to have lost force.

9. The present edict goes into force from the day that it is signed.

[Signed] President of the Russian Federation B. Yeltsin

[Dated] Moscow, Kremlin, 29 August 1995, No 886

Statute Delimiting Representative's Powers

954E1364B Moscow ROSSIYSKAYA GAZETA in Russian 5 Sep 95 p 4

["Text" of statute "On the RF President's Representative in the Chechen Republic"]

[FBIS Translated Text] **I. General Provisions**

1. The RF president's representative in the Chechen Republic (hereinafter the representative) is the official who represents the president of the Russian Federation in the Chechen Republic when resolving issues related to surmounting the crisis in the Chechen Republic, shaping its organs of state power, and restoring the economy and social sphere.

2. The representative is appointed to the position and dismissed from it by the RF president, is directly subordinate to the RF president, and bears personal responsibility to him for his activity. The representative can have deputies for areas of his activities.

3. The legal foundation of the activities of the representative is the Constitution of the Russian Federation and federal laws, edicts, and directives of the RF president, as well as the present statute.

4. Directives of the representative issued by him within the scope of his jurisdiction are mandatory for performance by federal organs of executive power, organs of executive power of the subjects of the Russian Federation, the command of military units of the RF Armed Forces and other forces indicated in Article 12 of the RF Law on Security to ensure security, as well as enterprises, organizations, institutions, and organs of local self-government of the Chechen Republic and officials and citizens located in the Chechen Republic.

II. Powers of the Representative

5. In carrying on his activities the representative:

a. represents the RF president in resolving issues related to stopping the armed standoff in the Chechen Republic, shaping its organs of state power, and restoring the economy and the social sphere;

b. informs the RF president about the economic, sociopolitical, and military situation in the Chechen Republic and the North Caucasus region and makes appropriate suggestions;

c. monitors performance of decisions of the RF president and the RF Government on questions of settling the crisis and restoring constitutional legality and order in the Chechen Republic;

d. monitors and coordinates the activities of the Territorial Administration of Federal Organs of Executive Power in the Chechen Republic, officials, and structural subdivisions of federal organs of executive power appointed or formed for the purpose of resolving the crisis in the Chechen Republic and also in an operational sense—the command of military units indicated in Point 4 of the present statute;

e. organizes the planning, financing, and conduct of restoration work in the Chechen Republic and monitors the targeted use of financial and material resources allocated for this work and support in the Chechen Republic for the activities of the federal organs of executive power and command of military units indicated in Point 4 of the present statute;

f. organizes cooperation and coordination of the activities of federal organs of executive power, organs of executive power of the subjects of the Russian Federation, organs of local self-government of the Chechen Republic, and enterprises, institutions, and organizations to resolve the crisis in the Chechen Republic, restore its economy and social sphere, develop and carry out appropriate federal targeted programs, and stop terrorist and other unlawful activity in the North Caucasus region which threatens the safety of the individual, society, and the state;

g. sends requests to federal organs of executive power for temporary assignment of needed specialists, associates of RF internal affairs organs, and military servicemen;

h. introduces drafts of edicts and directives of the RF president and decrees and directives of the RF Government on questions of resolving the crisis in the Chechen Republic, overcoming its consequences, and other questions related to ensuring security in the North Caucasus region;

i. monitors, on commission from the RF president, the activities of authorized delegations of federal organs of executive power in negotiations to resolve the crisis in the Chechen Republic and where necessary makes suggestions to the RF president on changes in the powers and membership of these delegations;

j. where necessary, carries on talks and consultations with representatives of federal organs of state power, organs of state power of the subjects of the Russian Federation, organs of local self-government, as well as public associations, the clergy, and citizens for the purpose of resolving the crisis in the Chechen Republic and restoring its economy and social sphere;

k. carries on international contacts and cooperates with competent organs of foreign states and international collective-security organizations for the purpose of resolving the crisis in the Chechen Republic;

l. makes use of the information resources of the RF president's administration, the RF Government, federal organs of executive power, and organs of executive power of the subjects of the Russian Federation;

m. organizes the enlistment of budget and non-budget financial and other capital being directed to restoration of the economy and social sphere of the Chechen Republic, and organizes participation by enterprises, institutions, organizations, and specialists in cleaning up the consequences of the crisis in the Chechen Republic;

n. cooperates with the mass media for the purpose of providing comprehensive and objective information on events in the Chechen Republic;

o. issues directives within his competence;

p. carries out other duties on commission from the RF president.

III. Organization of the Activities of the Representative

6. The representative has a permanent office in the Chechen Republic, ratifies the statute on it, its structure, staff size, and estimate of expenditures, and appoints and dismisses officials.

7. Federal organs of executive power are obligated to assign necessary specialists, associates of RF internal affairs organs, and military servicemen for temporary duty under the representative. Federal organs of executive power that send associates of RF internal affairs organs and military servicemen for temporary duty provide them with full monetary, clothing, and other support.

8. Information analysis, legal, and other support for the representative's activity is organized by the apparat of the RF Security Council, enlisting the necessary structural subdivisions of the RF president's administration and other organs that support the activities of the RF president.

9. Draft edicts and directives of the RF president and decrees and directives of the RF Government on questions of resolving the crisis in the Chechen Republic, surmounting its consequences, and other questions of ensuring security in the North Caucasus region are coordinated with the representative.

10. Financing for the activities of the representative is provided by the Administration of Affairs of the RF president.

*FAPSI Main Objectives Detailed

954F3452A Moscow SEGODNYA in Russian
8 Sep 95 p 3

[Article by Aleksey Okhskiy: "FAPSI: Only Powerful Organizations Are Capable of the Comprehensive Protection of Information"]

[FBIS Translated Text] **Vera Selivanova's articles on FAPSI [Federal Government Communications and Information Agency] (SEGODNYA for 18 April, 29 April, 5 May and 29 June 1995) aroused considerable interest and drew numerous comments from not only ordinary readers but employees of the federal agency itself. Unfortunately, however, it has turned out that a number of items reported in Mrs. Selivanova's articles cannot be confirmed.**

FAPSI has demanded that the newspaper either provide proof of several assertions made in the article or retract them. The editors indeed could not verify some of the published information, chiefly because it pertained to so-called classified matters and depended on the conscientiousness of the author. However, even the author did not present the required proof.

Thus, following the Law on the Mass Media, the editors are forced to express regret regarding the publication of Vera Selivanova's article "Ordinary Fapsism," which contained a number of unverified assertions about FAPSI's activities. In addition, we are offering readers the viewpoint of the federal agency's own employees on the problems of information security. [Signed] SEGODNYA

Let us start with some facts that are unknown to nonprofessionals. The FAPSI under the Russian Federation president was established by way of implementing the 19 February 1993 RF Law on Federal Government Communications and Information Agencies and operates on the basis of that law and a decree confirmed by the Russian president in 1994.

The law assigns four matters to FAPSI's jurisdiction: special communications (including government communications), the cryptographic and engineering-technical security of encrypted communications, intelligence gathering activities in the sphere of special communications, and the provision of special information to higher bodies of authority. Within its area of jurisdiction, the agency carries out state regulation and interbranch coordination. The agency is headed by a general director.

At FAPSI we were reminded of a sensational Associated Press agency report from New York on 18 August 1995 about how 24-year-old Vladimir Levin, a hitherto totally unknown young computer programmer from St. Petersburg, had broken into the top-secret system for protecting banking information of Citibank, one of the biggest U.S. banks, without leaving the office of a modest firm in the city on the Neva, and had taken $2.8 million from its accounts. That forces us to take a new look at the problems of information security here in Russia, too.

Everyone knows that the process of introducing the latest information technologies into absolutely every area of the life and activity of the individual, society and the state is now proceeding rapidly in our country. It was explained to us at the agency that, unlike many industrially developed countries, Russia has been forced to introduce foreign technologies and systems because of its lag in the area of developing and, especially, producing information and communications equipment. These processes encompass the area of state administration, the area of credit and finance, the exchanges, the stock market and many economically important structures.

It should be clear even to a non-specialist that under these conditions it is no easy matter to ensure the necessary level of confidentiality. A system for the protection of information must resist both our own domestic criminal organizations and hackers, who sometimes act out of a desire for "prestige" or for the sake of pure vandalism, and more serious threats emanating from foreign special services.

To that one can add the problem of so-called "information weapons," which include an arsenal of devices both for gaining unsanctioned access to information and putting electronic management systems out of commission, and for enhancing the information security of one's own management systems.

The potential damage from the use of "information weapons" against government information and telecommunications systems, systems for the command and control of strategic missile forces, and systems for the management of transportation, power engineering and credit and financial structures can be compared to the effects of weapons of mass destruction, since they can be used, in principle, to destroy the entire system of state administration.

"Information weapons" have become especially dangerous now that information and telecommunications technologies can no longer be regarded independently of one another: to all intents and purposes, they have already merged into a single technology for providing information interaction. In this connection, access to channels for the exchange of information between computers and the control of information and telecommunications systems, including access from the territory of other states, is creating, through Russia's entry into the world information community and its linkup to global information systems such as the Internet, the broadest opportunities for gaining access to confidential information and disrupting the operation of systems in our country.

"This threat can be countered on the condition that an organic connection is provided between the work that is done in this country, in the context of a unified technical policy, to introduce new information technologies and work to ensure comprehensive information security by employing the whole arsenal of cryptographic, technical and organizational and regulatory measures for protecting information," believes Vladimir Matyukhin, deputy general director of FAPSI.

As both our own country's and world experience shows, individual, especially small, companies are incapable of dealing with the comprehensive protection of information. It is something that is within the capabilities only of organizations possessing a powerful intellectual and technological potential, a unique inventory of supercomputers and control and measuring equipment, highly skilled scientific and engineering personnel, and extensive experience in the areas of both information protection and the organization and conduct of foreign intelligence-gathering activity using encrypted, secret communications and other types of electronic devices and methods. FAPSI has all of that.

That is why, Vladimir Matyukhin noted, the Russian Federation president assigned FAPSI the important government mission of creating and developing for state administrative agencies a protected Special-Purpose Federal Information and Telecommunications System (SFITS). In accordance with the general concept for the creation and development of SFITS, its information component, in other words, the basis for the formation of a shared information fund—the basic element of a system of information support for managerial decision-making by bodies of state authority—will comprise the independent information resources of the State Statistics Committee, the Ministry of Foreign Affairs, the Ministry of Foreign Economic Relations, the Ministry of Defense, the Federal Counterintelligence Service, the Foreign Intelligence Service, the Ministry of Internal Affairs, the Ministry for Emergency Situations, FAPSI and other ministries and departments.

In this connection, FAPSI does not intend to supplant the existing information systems of bodies of state authority, but will ensure their information security and their full and effective utilization, interaction with and access to information resources in accordance with the users' established authority. What is especially important is that the possibility will be ensured of conveying the information of independent sources to Russia's president and government through reliable and cryptographically protected communications channels.

The basis of the protected data-transmission network is the highly productive data-transmission system presently being formed, on the basis of FAPSI's special-communications networks, using the Atlas packet-switching system. The comprehensive approach proposed by FAPSI for the accomplishment of these objectives makes it possible, under conditions of tight financing, to pool the resources of FAPSI and interested ministries and departments, and to effectively accomplish tasks in the area of providing information services for the administration of the country on not just the departmental level but the statewide level in the context of a unified scientific and technological policy. So Mrs. Selivanova's argument about "FAPSI's information monopoly," agency officials claim, cannot stand up to any criticism.

FAPSI's officials are especially concerned over the state of information security in credit, financial and banking spheres.

Many people still have fresh memories of the flood of forged Chechen credit advice which, on the one hand, caused significant financial damage and, on the other hand, heightened the problem of protecting banking and other financially important information. In accordance with the orders of the RF president, a series of serious measures to ensure the security of financial transactions has already been implemented; among them, a certified domestic "electronic signature" system has been introduced that totally rules out the use of forged payment documents.

At the same time, in cooperation with the Central Bank, there are a large number of commercial banks operating in Russia through which considerable financial assets circulate, the loss of which can negatively affect the state of the state credit and financial system. In most cases commercial banks use, for the protection of their own commercial information, information-security systems developed by commercial organizations that do not have FAPSI licenses to operate in the field of information protection.

As Vladimir Matyukhin stressed, these firms' products are developed without the participation of qualified cryptographers and without the necessary equipment, and the time required to overcome such "protection" is measured in minutes or, less frequently, in hours. There is no need to explain the consequences that the use of such systems could have for the state and for depositors. That is why the state, using the mechanism of licensing and certification, is attempting to protect users against inferior products and thereby to ensure the necessary protection of information that constitutes state, commercial or personal secrets. The governments of developed foreign states also follow analogous policies with respect to the protection of information.

At present Russia has about 250 organizations and firms operating in the field of information protection, of which only 53 have applied to FAPSI for the pertinent license. Forbidding unlicensed operation is the aim of the RF president's recent Edict No. 334, in accordance with which the law enforcement agencies are ordered to put a stop to the activities of firms that are violators.

On orders from the RF president, FAPSI is addressing the problems of ensuring information security in the all-Russian electronic system of financial settlements that is being developed and in the stock-market infrastructure, in both of which the necessary level of confidentiality of commercial transactions must be ensured.

"Of course," Mr. Matyukhin states, "FAPSI has to do its job under the conditions of tight budget financing and the reductions in force that are being carried out in the context of reducing the administrative apparatus, as well as the departure of a number of specialists to go to commercial organizations in search of higher salaries.

"The appearance of a number of nonobjective articles about FAPSI, including those over the signature of Mrs. Selivanova in your newspaper, prompt one to think that some people do not like the work that FAPSI is doing to enhance the information security of economically important organizations and the country's stock market and credit and financial system. Such articles do not serve Russia's national interests; rather, they play into the hands of shady structures. Prior to the introduction of FAPSI-certified systems for the protection of banking information, certain people have managed to steal from the state and, therefore, from our citizens, hundreds of billions of rubles," Mr. Matyukhin concluded.

*Zhirinovskiy Assessed as Politician, Writer

954F3410A Moscow ZAVTRA in Russian Aug 95 No 34 p 8

[Article by Dmitriy Zhukov: "Let's Talk About Zhirinovskiy"]

[FBIS Translated Text] Vladimir Volfovich was attacked in every way possible in the commentary to his speeches before the last Duma elections. Excerpts from his speeches were selected which, in the conception of the teledemocrats, all of them ex-communists who did not let the interpretation of ideological wavering out of their hands, were supposed to show Zhirinovskiy's stupidity and extremism.

That was a mistake.

In the narrow circle ruled by Russophobia—the desire to destroy everything and the desire to beat down humiliated Russia and her people—it was taken for granted that the confused, drunken beggars who are taken for Russians would swallow everything and vote for the "pan-opticum" which called itself Democratic Russia, but a large majority paid no attention to the usual prattle, while many listened carefully to precisely those excerpts which were being criticized and often found in them their own thoughts. First there was the oratorical intensity typical of Zhirinovskiy's every phrase, and second, the Russian people have always had sympathy for and supported people who are scorned by the powers-that-be. So it turned out that the idiotic telefeast, where they slurped champagne until the wee hours in anticipation of an overwhelming election victory, ended in enormous confusion—the awakened fools, squeezing their microphones, wheezed on the air that the "bitch Russia" had lost her mind.

After this, unbelievable things began to happen. Zhirinovskiy was proclaimed to be a Jew and a Russian fascist. Believing for some reason that Russians are anti-Semites, it was the Jewish journalists (Minkin, Parkhomenko) in particular who worked hardest, joyfully announcing to the world that there was a "fifth point" in the origin of this son of a "lawyer-daddy." To fill out the bouquet they also enrolled him as a KGB agent. According to the testimony of Sergey Plekhanov, who last year published a book that was certainly no apology under the title *Zhirinovskiy, Who Is He?* the author himself had more than once heard "people in groups of young (but not that young) businessmen, especially those of Jewish origin, saying openly that Zhirinovskiy should be killed" and discussing how many greenbacks would have to be put up to hire a killer. The "democratic" newspapers pointed out that Zhirinovskiy too was mortal. Because our hero is, thank God, still alive, these episodes mostly show the morals of the "new Russians" who, however, strangle you for money, not for political reasons.

On the other hand, many patriots and nationalists see Zhirinovskiy as a character in the carefully planned tragedy of Russia, a Jewish-Masonic pawn whose bosses never put all their eggs in one basket. The obvious growth in national self-awareness among Russians will unquestionably generate a herald of the patriotic idea and leader of the resistance. A caricature of the idea and a false leader can ruin everything and open the door for the petty "leaders" of the numerous groups of Slavs who are, in the expression of the historian Tatishchev, prone to fighting among themselves. It is in this complex ethical situation that Zhirinovskiy delivers his oratory. A few words need to be said about his history, guided by his own compositions and the book by the very thoughtful S. Plekhanov.

So Vladimir Volfovich, the sixth child of Aleksandra Pavlovna, nee Makarova, was born in 1946 in Almaty. His father was Volf Andreyevich Zhirinovskiy, her third husband who died in an auto accident that same year. He had a hungry childhood with ragged clothes, insulted and humiliated in the republic where Kazakhs were given preference in everything. In 1964 he was able to enter the Institute of Oriental Languages at MGU [Moscow State University]. He experienced life in the dormitory on almost nothing but a single stipend and studied Turkish language and literature. He took a trip to Turkey for practical experience, the last under the communists, and served two years in the political directorate of the headquarters of the Transcaucasian Military District, then in the Peace Committee. He was married, had a son, and made the first payment on a cooperative apartment. Then there was automatic dismissal from the Komsomol because of age and status of non-party member which precluded work trips abroad—this does not fit with the rumors about KGB connections.

It is an ordinary biography, but Zhirinovskiy's ambition is extraordinary. He studied in the night division of the MGU law school and tried to get a party card, but by no means did everyone with an education get one. Work at the Higher School of the Trade Union Movement and the Inyurkollegiya did not enable him to get ahead; they did not even allow him to take tourist trips. Perestroyka opened the way. He took part in almost all the political actions, beginning from Shalom, the Jewish Cultural Society. He everywhere on any subject, became a skilled orator, and acquired the ability to retain his composure in public under any circumstances.

A year later he formed the Liberal Democratic Party and officially registered it as the second party listed after the CPSU.

So what connection is there between liberal democracy and defending the interests of the Russian people? It is a weak one, it would seem, but let us give credit to the sober, intelligent, far-seeing politician Zhirinovskiy. Formation of the LDPR [Liberal Democratic Party of Russia] immediately gave him international respectability because there are liberal democratic parties in many countries of the world, and in some they are in power. Not respectable at all, however, from the standpoint of the owners of the mass information media, Russian included, was the Russian part of Zhirinovskiy's propaganda, which is what brought him success and fame.

In the 20th century in Russia the Russian question is inseparable from the European question. Almost 70 years ago V. V. Shulgin asserted that kindling class hatred and revolution was a great deception and falsehood, that the backbone and skeleton of the communist party was made up of organized, persistent Jews who, after the most senseless and bloody undertaking in history, became the actual rulers of the Russians and Russia became a country of voiceless slaves.

Usually 1937 is featured in exposes of communist rule, the year when the rulers were settling accounts with each other; the deaths of 10 million Russians in the civil war and reprisals of war communism, the planned starvation in the early 1920's-1930, the destruction of the educated class in 1922-1924, and later also of the peasantry are glossed over. In 1904 the great Mendeleyev predicted that there would be 350 million Russians in 1950. Genocide, drunkenness from hopelessness, and loss of work habits as the result of outside pressures led to a sharp decline in the birth rate and the process of extinction of the nation. The notorious thesis that "Russia is the prison of peoples" gave non-Russians enormous advantages in obtaining education. As a result, in the USSR Russians had the lowest percentage of people with higher education, 20 per 1,000. Georgians had 40 per 1,000, and Jews had 700 per 1,000. The "big brother" was also forced to give up material benefits. One is struck by Russia's roadless areas and the abundance of broken-down huts.

Our "democrats" are happy at the manifestation of any nationalism or Turkish chauvinism, but they become enraged when there is a question of any mention of the rights of Russians, and patriotism quickly becomes "the last refuge of scoundrels." Inasmuch as the national wealth (not completely stolen yet) and the main means of influencing the masses are in their hands, this has remained state policy, just as the same personnel or their children and grandchildren have remained in charge.

Now I will violate election secrecy and tell why I voted for Zhirinovskiy in the last presidential elections—that I might not come to a bad end in our marasmic democracy. I voted from a feeling of contradiction, knowing practically nothing about former CPSU obkom secretary Yeltsin, around whose name there was a hullabaloo raised by all those who I could not stand even in communist times. Zhirinovskiy was frequently and intelligibly pronouncing the word "Russian" ["russkiy"], which has now been replaced everywhere, to avoid the accusation of fascism, with "citizen of Russia" ["rossiyanin"]. A lot of dirty water has flowed by since then: the people have been plundered, the thieves are triumphant, the economy is undermined, pensioners are in poverty, and the rulers, sitting in their gilded chairs in the tsar's chambers, stretch out their hands for "tips" from their transoceanic masters so they can put "greenbacks" in their own accounts in banks over there.

The Russian people are patient and too experienced. They will never be driven to a new civil war by political and other fraud that does not realize that it will be the first to be chewed up in scandal and it will disappear into oblivion just as happened with the many actors in the Time of Troubles and with the Masonic figures who prepared the February Revolution.

In S. Plekhanov's book I read that MOSKOVSKIY KOMSOMOLETS for some reason let out the news that in the fall of 1985 a group of Moscow journalists and literary figures formed a secret society called Memorandum A to combat Russian fascism, which no one knew about at the time (and therefore they also had to show that it existed) and to monitor the whole propaganda machine. Incidentally, events showed that A. Yakovlev, chief of the propaganda division of the CPSU Central Committee, also had some relationship to the secret society. With Zhirinovskiy's appearance in the political arena they immediately tried to use him as one of the manifestations of fascism, and when this did not work they became completely silent about him, relegating the rare reports about him to the level of foolish scandal.

Therefore I was interested to accept an invitation to meet Vladimir Volfovich in the "fireplace room," which is reached by a carved black stairway leading from the restaurant of the Central House of Literature. By evening some 30 people from various writers unions, formed a few years back on something quite different from the creative principle, had gathered. Zhirinovskiy was held up, and we waited patiently for nearly an hour. He appeared with a good group of bodyguards, fresh as a cucumber, although in his apologies he mentioned a hot session in the Duma. He was a dark brown-skinned man with short hair standing up, taller than average, a healthy color to his face, and a hand, on shaking, that was soft, warm, dry, and choleric, one that had never known physical labor. In warm weather he went bareheaded, without his trademark black billed cap which—for some unknown purpose—usually gave him the look of a small-town "balagula", although his facial features are generally European.

I had already heard about Zhirinovskiy's tremendous endurance, his ability to talk and answer questions for hours, managing to sneak naps during the 30-minute drive from the rally to the next meeting. His smile looked good-hearted, and his whole person emanated calm energy. In his manner of speech, which was permeated with conviction, you could catch a barely noticeable South Russian accent. He spoke without emotion and very interestingly, responding instantly to any question or remark, expressing himself with extreme frankness. This won people over and, judging by the attentive faces of my usually mocking colleagues, even gave them a certain intellectual pleasure.

In his opening statement Vladimir Volfovich, to my surprise, did not say a word about the economic and other hardships, which television and our own skins teach us every day to consider inescapable; rather he drew a picture of a happy future under sensible government and a rebirth of Russia's former might and majesty. He expressed concern about the geopolitical situation, and suggested hope for the life of sufficiency that would appear with thrifty economic management, an end to giving away our wealth, and a certain national egoism that is characteristic of every self-respecting, flourishing great state.

It was a long discussion, and I no longer remember the details, but at first the questions touched on Zhirinovskiy's declarations that everyone was sick of, for example the notorious "dash to the South" and washing the boots of Russian soldiers in the waters of the Indian Ocean. I liked Vladimir Volfovich's argument that the development of civilization has always begun from the south, that it is still possible to work with the rich mineral resources of the north, but all the same it is better to live and relax in the warm regions where any shaft of wood stuck into the ground starts growing. But we are being driven further and further into regions that are unsuited for living, cut off from the life-giving seas. I myself, when I was young, squirming in my cold, damp St. Petersburg school chair, wondered why in the world Peter the Great had built his capital in that rotten swamp, and not on the Black or Azov sea. Zhirinovskiy spoke of the last partition of the world and the need to dig in on the Black Sea, the Mediterranean, and other southern seas with the help of friends and allies. Moreover, if a third world war does break out, he said, the cause will be the hostility in the Middle East and we must preclude its beginning. But all this and much more can be read in Vladimir Volfovich's book *Last Dash to the South.*

"So we go to war, do we?" the frightened question followed.

No, Zhirinovskiy answered firmly, all Russia's troubles have come and are coming from the south. We must follow policies so that the troubles stay there. They do not want Russia, so let them boil in their own oil and wipe each other out without our help. And when one of the, let us say, Caucasian countries finds things really bad it will come to mighty Russia on its knees, over and over until we agree to include it within one of our southern provinces. We need a huge army in the south so that water boiling in the southern kettle—where innumerable tribes and peoples are fighting one another under the green banner of Islam—does not splash out onto Russia. The penetration of Turkey and Iran into the Transcaucasus is fraught with explosive danger. Let them fight among themselves. We will sell them the weapons for hard currency, build influence, promote the formation of some states and the decline or dismemberment of others, as a great nation should. It is not necessary to get into fights to protect the rights of the Russian population in the new formations in the West either. Shut off energy deliveries to those who are disobedient. Under firm economic sanctions they will wither completely. Europe and the United States are not likely to take over their maintenance, so again they will have to come to us on their knees.

That is how Vladimir Volfovich talked, more or less. He also held great hope for reaching agreement with the United States and Europe on a partition of the world and for dissemination of the Russian language to the south as an international tongue. For now, of course, a utopia is not inspiring. You don't worry about luxuries when you don't have necessities. For now all that he dreams of doing in the south is being done in our country. He is aware that Russia is exploding from within. That the disease fed into the organism of our nation is eating up all the organs. That there is a danger of the extinction of Russians and their conversion into an ethnic minority throughout the country, into second-class people, servants. Degradation and death of the language and culture. The attack is being completed, as occurred with the Byzantine Empire, by some kind of Seljuk Turks and their comrades, and there we have absolute devastation, not slavery but simply an animal fate. The Turks in Bosnia and their collaborators (present-day Muslims) call the Orthodox Serbian peasants exactly that—"raya," which means "animals."

But what is the way out?

"What are we waiting for? Until our 'savior' arrives? It may be too late. We cannot take the risk. Therefore, to avoid risk, I call on you, Russians, let us join under the banner of our party: the Liberal Democratic Party of Russia."

This is not from that discussion.

It is from a pre-election article in which everything is promised to everyone. If you read closely you see the present order without its innumerable ulcers and failures, without the omnipotence and corruption of the bureaucracy (incidentally, they are all former communists), correct stimulation of the economy and agriculture, a peaceful and secure life for working people and pensioners, a strong army, wiping out crime and guerrilla fighters, not just in the Caucasus but everywhere.

I asked a question. Zhirinovskiy has established that within the LDPR he is irreplaceable and unquestioned. Doesn't this look like a personal dictatorship, if he were to come to power? He assured me that liberal democratic principles would not allow him to become an extremist, that it was not a strong hand that was needed to make everything "normal." I recalled that the White Guards in their day looked at the Bolsheviks' uncompromising nature with some envy and dreamed of a future ruler with the jaw of a wild boar, but with kind eyes. Yes, in dreams Zhirinovskiy looks that way.

Vladimir Volfovich loves to talk about the wayward paths of both right and left radicals, who always start fundamental changes and forget that changing human nature takes a stable moral climate for centuries. He is right, of course, that the Bolsheviks got in trouble on that, but we must also remember the saying: What is healthy for a Russian will kill a German. And vice versa. The Russians have good traits—patriotism, "Russianness"; but when it comes to loving one another, mutual support like those same Jews have, Russians are not so good. A master, a leader, call it what you like, but Russians need that person for convenience in communal living and peaceful relations with one another. This aphorism, attributed to foreigners, is on point: "One Russian means talent and brilliance; two Russians and you have arguments that cripple them both; a large group of Russians produces a public scandal."

To someone's question about eliminating crime Zhirinovskiy described a simple plan, not without a certain cunning. He said, I would bring back all the detectives (they constitute 70 percent) who have been dismissed or left the job in search of a better life and put them to work for good money, and then reach agreement with the heads of all the criminal gangs (in Moscow even their locations are known) that the Russian mafia, say, will wipe out the Caucasian mafia, and then I would propose that they use the money gotten unjustly to set themselves up in legal business, and I would instruct the administration to hold that mafia responsible for any crime in the region, giving both the one and the other the functions of maintaining law and order, and criminals who cannot be rehabilitated will be shot.

Then the air grew thicker and the words "Jew" and "fascism" began to fly like little balls.

"In America I was asked questions about Jews and Alaska, and I proposed resolving both issues with one swoop—settle all the Jews in Alaska and put an end to the matter," Zhirinovskiy attempted to joke.

The joke fell flat. Accusations of anti-Semitism and fascism were heard from the Jewish part of the audience. Zhirinovskiy tried to separate the concepts of Zionism and Jewishness, stressing that for him nationality means nothing. In general there has never been anti-Semitism in central Russia. Before the revolution the Russian nationalist movements arose in the West, and that was probably because there was a high proportion of tavern owners, money-lenders, and merchants closely interacting with the local population, but in that case Mr. Marx was right in equating the words "Jewdom" and "merchantry" and dreaming of a better life only if the latter, which is to say class inequality, would disappear. Even today I can say confidently, putting my hand on my heart, that Russians among themselves never talk about this subject and express their ideas very reluctantly when they are provoked. Among Jews this is some kind of illness. First they looked for Hitler's Jewish roots, and now they have taken after Zhirinovskiy. There is something mystical in the Jews' unanimity of opinion—you only need to listen to one to know what all the rest will say about this or that particular individual. The situation is the same with Russophobia—they pump themselves full of the affliction of enmity and involuntarily disseminate it.

What followed was depressing. A good share of the Jewish audience got up and walked out in protest.

After the meeting I stopped to chat with one likable, but constantly snuffling Russian-Jewish publicist, who suddenly said, "All the same, a Russian should be president or else that guy will start doing things to please the Russians."

I was just flabbergasted. Who is the president supposed to please in a country where the overwhelming majority of the people are Russians? For one, this was a recognition of the possibility that Zhirinovskiy will win the presidency. For two, it was a desire to see in this position a Russian "footman" who would menace everyone, from the "Big Seven" to the near abroad, to every minority. For three, it was fear of the renegade (in the scholarly sense of this word, conversion to a different faith), an archetypal manifestation of one's new convictions, although in relation to Vladimir Volfovich nothing has been proven yet.

In annoyance I mentioned a case I had read about in a U.S. newspaper back in the 1950s. The High Dragon of the Ku Klux Klan, or whatever they call it over there, was in New York and slandered the Jews and Negroes furiously, when suddenly he ran into a note in the newspaper saying that his parents, Orthodox Jews, were living peacefully in the Bronx. Pulling out a pistol, he shouted, "All hail the Aryan race!" and shot himself.

That same evening I received an invitation from Zhirinovskiy to attend the next party conference of the Liberal Democrats. I was extremely interested to find out how they behave. The room at the House of Propaganda on Trubnaya Street was full of "coordinators" and other delegates who had come from all over the country. I figured out this: more than half of them were technical people—engineers and scientists—in the active working age bracket of 30-50, Russians who had not been admitted into the communist party and given room to develop, which makes you recall the life of Zhirinovskiy himself. One-third were young people with inspired faces. It turned out that there were a lot of military officers, again of middle rank, from lieutenant to lieutenant colonel.

Despite the fact that there are almost no people from the creative and humanitarian professions in the party, these people once helped Zhirinovskiy secure more than 6 million votes, and in the Army more than 70 percent of the personnel of the Strategic Missile Forces and the Taman and Kantemir Divisions voted for him. It goes on and on.

It was a business-like conference. There were nuances which I did not really understand. One thing was clear, that Zhirinovskiy had managed to put together a fairly strong organization which gave him grounds to walk with his head held high. In the presidium along with Vladimir Volfovich were strong-willed and lively Aleksandr Vengerovskiy, the good-looking, blond-haired Stanislav Zhebrovskiy, and Aleksey Mitrofonov, a man who resembled Levitan outwardly and was very well described, in my opinion by S. Plekhanov as "a short, sunken-chested brunette with short, fat arms and the sugary look and manners of a butler." There were others too.

I was also given the floor. I advised them that it appeared that people in the creative professions were a little afraid of them, and maybe vice versa. Following the universal custom I heaped abuse on the democrats, and then I got confused. So I said that they were democrats too, after all, and liberal ones as well, which brought a healthy round of laughter. That calmed me and gave me hope. I went on that their leader was not a bad literary figure, and I promised to give him a recommendation for the Writers Union, which halted the applause, except that Vladimir Volfovich was happily clapping his hands.

Now there was no way back. To simply give the recommendation would be boring, so I wrote this article. Vladimir Zhirinovskiy's first book, *Last Dash to the South,* is purely political with personal and autobiographical inlays. It is a model of provocative oratorical prose and leads one to all kinds of profound and not-profound reflections, which is valuable in itself. The second book, *The Historical Fates of Russia from My Point of View,* is similar in nature, but with historical excursions which illustrate the author's exceptional reading background, excellent memory, and common sense. For example he mentions Marshal Zhukov's plan to occupy all Germany. "Stalin did not agree, and this was one of his mistakes. Every leadership makes mistakes. Czar Nikolay II made a mistake in renouncing his throne." It is brief, but there is food for thought. For the year 1992 I wrote an appeal entitled "The Year of the Monarch," which was published in many newspapers. In it I justified and mourned the czar. Just recently I came to the idea that the renunciation was virtually treason against Russia and liberated hundreds of thousands of military officers from their oath, and if the czar had refused to renounce it then, the fate of the country probably would have been different.

The range of issues surrounding Zhirinovskiy is unbelievably wide, so it is hopeless to predict it. As I have already said, as quickly as we notice something wrong and begin to ponder it he is already expressing this in one of his monthly street speeches. For example: "We are used to new words and don't understand where, what, and who we command; we are even mocking our own language. It was entirely possible to introduce the position of 'gradonachalnik' [city chief]. Why do we need the word 'prefekt'? It is humiliating, insulting. Nothing Russian [rossiyskiy] remains. Even on cold drinks it says 'Fanta,' 'Pepsi Cola,' and so on. And these powders are produced over there. Can anybody tell me with absolute confidence that nothing is added to these powders in order to destroy our minds after 20-30 years?" Or here is a very recent comment: "The Democratic Russia people are the right wing of the same old force, the Russian Social Democratic Party. It is easy to define them; in 1917 and in 1933 they had beards, mustaches, and sometimes pince-nez. They are all one and the same category of people who operate underground. They will not come out in the open; they come to power at night through conspiracies and revolutions."

What can you say? Zhirinovskiy has his own style.

Now we have Zhirinovskiy's new book, *Last Car Going North,* named after a novella which was written in the days of the "raykoms and gorkoms" and published today because one of his associates "convinced me, or rather pushed me so hard that I gave in to his youthful pressure." It turns out that a quarter of a century ago Zhirinovskiy's unrealized ambition was looking for a release in literary experiments too. He imagined himself a virtual Sholokhov and was preparing to astound the world with a novel. He even showed excerpts in magazines, and received a flogging from young women editors. After that he wrote secretly, consoling himself with the thought that they only publish "their own type." Each one of us goes though that, but now we know that something which is good will chew a hole in the wall of the "great ones" anyway, and then...

The novella about the torments of a veteran of Afghanistan, finished in 1989, is no better and no worse than other works printed in the magazines at that time. It is entirely professional, but this no longer suited Zhirinovskiy because he sensed, with some kind of animal acuity, that it was time to make his political career, and what this led to in the literary sense can by judged by the sociopolitical work, *Last Car Going North,* where the author's style is even more clearly seen and his language is completely unconstrained.

In the "prologue-forecast" he played on the old name, hiding the political personages of our very recent history away in a boxcar and giving them colorful, murderous descriptions. Here you find the "spotted reformer Mikhail Sergeyevich, who was able to 'begin' in such a way, and 'deepen' things in such a way that Mother Russia lay prostrate." Here you find Aleksandr Nikolayevich Yakovlev, to whom the crude folk expression "Shit would not touch him!" is applicable. Here you find the lip-smacking "terrifying, round-faced little boy" Yegorushka Gaydar. Here you find an uncountable horde of crooks with criminal nicknames: "Shakhray," "Chubays," "Burbulis." "One of them, bristling his beetle-like mustache, led the Transcaucasus into the bloody abyss, while a second, the red-headed knave, almost sold Peter and Paul Fortress and then for a long time made a fool of the Russian people with his colored papers, called vouchers, trying to sell the country as fast as possible to red-headed foreign rakes of the same ilk." Here you find "hollow-eyed Andreyka Kozyrev, the most foreign of foreign ministers," and the "Satanist Yakunin in his black costume cape." There is no end to them, but the point is not the pointed political attacks, but rather how Zhirinovskiy writes about the sad fate of Russia, what colors and words he finds.

They say that Zhirinovskiy is happy to appear in front of audiences who whistle at him at first; by the end, part of the crowd has left but those who stay become his followers. They say that after triumphing in the preelection storms and finding himself out of his element he will get depressed. I don't think so. His fighting spirit is unbending, and his sociopolitical writing contains a fully formed program which will not be easy to carry out (nor to set forth in the space of an article). He is right when he equates capitalist and communist internationalism because it is professed by the same kind of people; they do not even have to change their thinking when external changes occur. He considers nationalism the idea of quality—it is understood to mean a proprietary approach to national and state assets. A brief presentation of Zhirinovskiy's sociopolitical writing is vulnerable. You have to read his actual writing, and it is very interesting reading, sometimes giving esthetic pleasure at typical "Zhirinovskiy" turns of speech.

When you read you often have an urge to argue. Just take Chapter 13, "From Andropov to Solzhenitsyn and Back." According to Zhirinovskiy a person in politics can have four kinds of power: formal, real, and intellectual power, and the power of authority. Gorbachev did not have any. Even Stalin was given three, while he substituted intuition for intellectual power. There is only one person in history [illegible] Zhirinovskiy gives the highest score: Yu. V. Andropov, who beat everyone beginning with Hungary in 1956. In my opinion, Zhirinovskiy is too rapturous in his assessment of this orphan of unknown background who promoted the Gorbachevs, Arbatovs, Ryzhkovs, Sterlingovs, and many, many others, apparently aiming ahead of time to destroy the country. His game with the dissidents alone is priceless. Appearing to be holding them down, the KGB chief raised them up while those who really cared about Russia were locked up in camps for 15 years. Again I have been carried away with infectious politics, and I have not quoted the best passages.

I will cite the last paragraph in the book.

"God grant that we don't lose spirit. God grant that we see the devils disappear, go back where they came from—into the cold, lifeless darkness. They will strain to resist, howl, and shout curses—that is how devils always act when they are being driven away—but we have enough strength to escort them out. I can clearly see Yaroslavl Station at night, the frost-covered lights of the Moscow-Anadyr train, and the red lantern on the car in which Russia's last political prisoners sit. I hear the rhythmic click of the endless rails from the wheels of this last car going north."

I have already talked with some of the (literary) authorities about admitting Zhirinovskiy to the Writers Union and have seen frightened eyes, heard evasive words in which you could clearly discern, "Keep away, keep away, be gone!" just as you hear at the mention of devils and other unclean spirits.

I do not agree. Zhirinovskiy to me is interesting as a politician and as a writer. Let us discuss the latter.

Therefore I am fulfilling my promise. I ask you to read this article as a recommendation to admit the man I have been talking about to the Writers Union.

*Growing Role of Political Consultants in Russia Viewed

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[Article by Valeriy Vyzhutovich, IZVESTIYA correspondent: "Season of Increased Demand on the Political Services Market"]

[FBIS Translated Text] "I build an image. I give political campaign lessons. I teach methods in the legal seizure of power. I guarantee a seat in the State Duma. Remuneration is according to an agreement. Do not worry about the supporters of Gaydar (Zyuganov, Yavlinskiy, or Zhirinovskiy)."

The point where private advertisements have this kind of content has not yet been reached. But it seems it will be reached, and very soon: According to the latest summary of the Central Electoral Commission there are more than 30 competitors for each Duma seat. Specialists are forecasting that about one-third of the voting associations and more than two-thirds of the independent candidates are resorting to paid consultants.

The political services market has entered a season of increased demand.

Doubles

Viktor Chernomyrdin began as a public politician not with trips to plants, mines, and agro-complexes but from the minute he let the press into his office and allowed his negotiations with Shamil Basayev to be broadcast to the whole world.

But the most impressive pre-election move of the leader of Our Home was his meeting at a dacha with the fair representatives of television and radio companies, which was shown recently on the "Itogi" program. It was there and then that the Russian prime minister received his puppet double and had a friendly conversation with him. The infectious laugh of the head of the government, which surprisingly showed an ability at self-irony—revealed a new Chernomyrdin to the public. The two minutes of air time recruited more supporters for the prime minister than two and a half years of marking time at various rostrums with reports and speeches.

I would like to shout: Author! Is it really possible that Viktor Stepanovich himself had the sense to open up to the people. As Marianna Maksimovskaya, an NTV correspondent, recounted to IZVESTIYA, the government press service asked that the puppet be brought to the dacha.

"Viktor Stepanovich did not expect such a surprise. He came in and exclaimed 'Oh!' He laughed until he almost cried. And we laughed with him.... We talked for about five hours. He is a normal, lively person. He drank tea and told jokes. There were no operators of television companies there; the government press service shot the film. As far as I know, it transferred the material to ORT, RTR, and NTV. But the subject did not appear either on the first or the second channels. I do not know why. It is possible that they thought that all of this was somehow unimpressive for the head of government. No one gave an official order to show this meeting....

Professional journalists—Viktor Konnov, press secretary of the head of government; Yuriy Sizov, deputy chairman of the executive committee of NDR [Russia Is Our Home]; and Vasiliy Fronin, chairman of the NDR press center—are now working inventively on the prime minister's image. In some sense the picture they are designing also differs from the real prototype, as does the puppet Viktor Stepanovich from the real Viktor Stepanovich. Which is perfectly natural. Because both for the modest creators of the masked hero and for the imperceptible creators of the hero in the flesh, one thing is equally important: The public must like the character.

Gold Vein

The period of amateurish production of politicians, which started in experimental models in the last five years, is coming to a favorable end. Now even the "servants of the people" who are the most resistant to foreign crazes are proving, through a prudent ability to present themselves, that they are no fools. For persons who are drawn to political prominence, having one's own image maker becomes just as prestigious as having a personal barber or tailor.

A vogue. Perhaps. But in contrast to elegance in clothes, in politics only that which is practical is in vogue.

This growing demand for political services fully equilibrates with a no less broad supply. "The main results of our work are: building and correcting the image of a client and developing a strategy of public behavior of a political subject (the leader of a party or faction)." That is how the Nikkolo M Center for Political Consulting advertises its end product. Political service, which became the subject of Nikkolo M's business and that of firms similar to it, of which there already are several dozen in Russia, is a real Klondike for artels of prospecting intellectuals.

The first to start working the gold vein of private political consultant was Georgiy Satarov. Five years ago, together with Sergey Stankevich, he established the Indem Center for Applied Political Research. At about the same time Sergey Kurginyan, who was treated kindly by Nikolay Ryzhkov, announced himself in a bragging way. His Experimental Creative Center, for services to the government at that time, was awarded a luxurious building on Sadovoye Koltso, where it is situated to this day.

In the meantime the budgeted Soviet "science to win" in the form of dozens of state NII's [scientific research institutes], which are excessively ideologized and no longer necessary to anyone, was quietly dying off, and commercially applied political science was gaining strength. In December 1993 it brought the first of its clients to the Federal Assembly. (Nikkolo M blazed the way for Nikolay Gonchar. The Center for Strategic Research helped get 4.5 million votes for the Party of Russian Unity and Accord [PRES]. The Nike political consulting association supported the Entrepreneurs for a New Russia [Predprinimateli za novuyu Rossiyu]. The political science association contributed to the success of Women of Russia....)

After that election campaign, the political services market went through a depression for a year and a half due to a sharp drop in demand. Many independent experts, finding themselves out of demand, turned to the bureaucratic sphere—some found refuge in analytical centers of the Duma and the Federation Council, and some, like Mark Urnov, Leonid Smirhyagin, and Emil Pain, were enticed by an official chair on Old Square. Then there was another boom.

"Now a fight is going on for profitable orders," said Vladimir Rimskiy, the director of Indema. There are no chance clients, everything is divided up strictly. Each center like ours has its own clientele behind which one or another financial-political group stands.

Most-bank, Oneksimbank, and the Hermes concern look after their political consultants well.... Gazprom and Tveruniversalbank favor the Center for Strategic Analysis and Forecasts.... Oil and gas exporters subsidize the Nike Political Consulting Association.

According to the forecasts of experts, after the present elections the political services market will finally structure itself. By the beginning of 1996, three or four centers will become the leaders, and they will try to get the most profitable business—conducting the presidential campaign.

'Has an Image Maker Been Called?'

It is impossible to radically change the image of a well-known politician. Therefore, when accepting work on such inveterate figures as, for example, Gennadiy Zyuganov or Aleksandr Rutskoy, the specialists can guarantee them only an adjustment of their image, nothing more.

Just before the elections to the Duma, some changes in the appearance of long-familiar personages have already been noted and evaluated. Yegor Gaydar got thinner and stopped smacking his lips.... Grigoriy Yavlinskiy cut his curls....

However, the biggest trouble for political consultants is presented by aspirants who are not well known, and they constitute the majority of clients. Dmitriy Olshanskiy, director of Central Strategic Analysis, confides:

"First of all we try to assess the personal data of a given competitor. How he comports himself, how he talks, whether he is quick-tempered or restrained, whether he suffers from any kind of complexes.... In general, we engage in psychological diagnostics. Most often it is found that those who aspire to power were in some way deprived or infringed upon in childhood, or at the dawn of a lackluster youth. The second stage is an analysis of the electorate of the district in which the candidate is running. After all, he has to respond to certain expectations. If, for example, his potential constituents are longing for a firm hand, then our client is obligated to demonstrate authoritative ability, confidence, and firmness. Using video training, we organize his speech, gestures, bearing, tilt of his head—everything that he himself must control, and no one can replace him here. All the rest is our concern: analytical reviews of the press from the standpoint of the interests of a given candidate, evaluation of the actions of his allies and opponents, processing any information useful to the client, including rumors, gossip, lobby conversations.... And, it goes without saying, inculcation in the press of publicity materials...."

Igor Mintusov, director of Nikkolo M, shared the details of the aforementioned inculcation:

"It is not necessary to order a publicity article from a well-known journalist. Each team working for a candidate has an obscure press secretary. Under our censorship he composes texts and places them wherever it is possible. He pays for these publications either directly to the editor or to an employee of an editorial office who puts the material into print. Outright praise of a candidate for no good reason no longer gets by in the newspapers, and is even ineffective. A reason for the information is necessary. For example, a candidate organized some kind of holiday in the city. The journalist writes a report about this holiday, and in the following lines he publishes a short interview with its organizer...."

According to American standards, a candidate should not wholly trust the team he has hired, and he should not deceive anybody with election technologies. But we are living in Russia. In our country every figure, even one who did not graduate from a party or trade union school, understands better than any specialist how he is supposed to appear before the public. Consultants are tormented by and suffer from Napoleonic requests on the part of their clientele. And from the persistent ignorance of competitors for Duma seats who conduct themselves exactly like the customers of Gogol's painter Chartkov: One demanded that he be portrayed with a powerful and strong turn of the head; another with inspired eyes looking upward; a guards lieutenant demanded without fail that Mars should be seen in his eyes; a high civilian official strived to show more directness and nobility in the face and so that a hand would rest on a book on which the words would be clearly written: "He always stood for the truth."

But no one knows better than professional image makers what in fact it costs a solicitor of the public trust who appears for a consultation. While selling him their services, they afterwards also sell him to the public in a nice package. Now he also is a commodity. Of good quality, or junk—who answers for this?

"I am responsible to those I am helping to achieve success in the elections," said Vladimir Rimskiy, Indema's director. "And I by no means consult with everyone without exception. Although some of my colleagues are absolutely indifferent to the political views a client holds."

But perhaps that is the way it should be? Perhaps a political consultant should even practice like a doctor or a lawyer to whom it is unimportant in principle whom they are treating?

"Yes," Georgiy Satarov, assistant to the president, agreed with this judgment, "if we lived in a civilized country, in a society with a developed democracy, the very statement of the question of whether it is proper to consult figures of the Zhirinovskiy type would be ridiculous and preposterous. A job is a job. But in our country everything is too polarized, everyone breathes with intolerance. If someone declares tomorrow what is helping Vladimir Volfovich form an image, the entire democratic press will pounce upon this helper. At a time when Zhirinovskiy really more than anyone else would not be hurt by contact with an intelligent consultant. Perhaps he would learn how to behave with dignity. It is another matter that he categorically does not want this and that no one can help him here....

It is necessary to add this detail. Not one consultant who values his reputation will ever give you the name of his client. And the client, in turn, even when drunk will not blurt out in the presence of strangers that he is visiting an image maker. The nature of the secrecy with which the purchase and sale of a political appearance is surrounded is understandable. If a team that undertakes to lead someone to a deputy position fails, it hardly needs any publicity on the failure of so-and-so. But if the candidate wins, no good will come to him if he makes it known to whom he is obligated and for what: The winner—and he is the winner—need not explain.

What It Costs

The cost of an election campaign in one electoral district is estimated by specialists to be $200,000-300,000. At the same time the sum of the honorarium does not depend on the outcome of the voting. Which, probably, is fair: If for a majority of the candidates it is important not to win but to appear on the electoral register, then even hired consultants have a right to demand payment for the process and not for the outcome.

The relationship between the client and the executor is formulated in a contract, which rarely reflects the real sum. "Black cash" that is passed from hand to hand reigns—a reliable method of evading taxes.

The estimate that is presented for payment is most often inflated. For example, after announcing that one leaflet will cost R1,000, it is possible to find a printing shop where the same leaflet will be printed for R400, about which the client never learns.

Here is what a partial price list for political services presented by the Indem Center looks like:

1. Sociological analysis of the electoral district and the compilation of an electoral portrait—$20,500.

2. Development of a concept of agitation work and the composition of slogans, leaflet texts, pre-election programs, and declarations—$1,500.

3. Development of a concept of counter-propaganda—$700.

4. Training of activists in the business games regime and psychological training on the themes

—conducting a pre-election campaign "from door to door";

—street agitation and "leaflet expansion";

—agitation in small collectives (audiences);

—interaction of the candidate and his support group during public debates with an opponent. (The conduct of training: 3 days x 3 teachers x $200, given an audience of 12-25 persons.)

5. Individual deputy candidate psychological consultations. (Basic lesson—$120.)

The high cost records are beaten, however, not by a private but by the state political service. The Center for Teaching Election Technologies which operates, I ask you to note, under the Central Electoral Commission, requires $2,500 from each member of the candidate's team for a 15-day course. In connection with which there is the question: Does this kind of practice not resemble a VUZ [higher educational institution] rehearsal at which, for example, a Moscow State University professor first prepares an entry student for the entrance examination for money, and then gives him this examination himself?

But executors and clients demonstrate the highest style of relationships when a place on the candidate's list serves as the honorarium for the development of ideology and strategy of the pre-election campaign. Thus, Dmitriy Olshanskiy, consulting for the PRES in 1993, was on the ballot for the Duma from this party. Thus, an ideologist of Ivan Rybkin's bloc, Vyacheslav Nikonov made his way to the upper part of the list of left-centrists after a small brawl. Thus, as always, the indefatigable Andranik Migranyan, not stinting on wise advice, acquired My Homeland [Moe otechestvo].

In general, it is not difficult to run into the political services market. The commodity and the money are in abundance. And everyone knows beforehand what it costs. If someone charges somebody too much, it is not from malice. It is said: This is the cost of the transition period.... In addition, different participants in the market, I dare say, have been acquainted for a long time. It's all in the family.

*Effects of Banking Crisis on Election Campaign

954F3448A Moscow SEGODNYA in Russian
7 Sep 95 p 4

[Article by Olga Romanova: "Banking Crisis May Hurt Political Parties' Image: Grigoriy Yavlinskiy Calls on Authorities To Save Yabloko's Advertising Budget"]

[FBIS Translated Text] Events of the past two weeks on the interbank market have already affected the alignment of forces in the political arena. In addition to the traditional postulate that "politics is the concentrated expression of economics," the interbank failure of confidence and the resulting financial problems of a number of banks may directly affect the election campaign of many candidates for parliament. Sometimes trouble comes from where you do not expect it.

The bankruptcy of the Moscow City Bank may directly affect the election campaign of Grigoriy Yavlinskiy's bloc. One of the bank's main partners, and also traditionally one of Moscow City Bank's biggest clients, is the advertising company Video International, which won the competition to create Yabloko's promotional image.

Video International got that commission about a month ago, right on the eve of the crisis on the interbank market. Fortunately, not all of the advertising company's money was in Moscow City Bank: since it is no crime for legal entities to have several settlement accounts, the officers of Video International showed farsightedness and transferred part of their funds to accounts in Most Bank and Imperial. (At present, the company is also getting ready to work with Platina Bank.) If not for that circumstance, the effectiveness of the Yabloko bloc's advertising campaign might have proved relatively unimpressive because of its official image maker's lack of money.

According to Anatoliy Novikov, Video International's financial director, "our money in Moscow City Bank, of course, is frozen, but we are still hoping that it won't remain so forever; it is entirely possible that Moscow City Bank will survive. Obviously, this unpleasantness has affected Video International's activities, but it is not affecting the conduct of Yavlinskiy's party's advertising campaign. Nothing serious will happen to Video International."

Nonetheless, Yabloko leader Grigoriy Yavlinskiy has shown serious concern for the state of small and medium-sized banks, a category to which Moscow City Bank belongs. He stated that he considers the measures taken by the government to mitigate the banking crisis and create the preconditions for its [as published] revival to be inadequate. "Everything possible must be done to relieve the situation of small and medium-sized banks by providing the conditions for preserving the system of settlements for clients' payments," Grigoriy Yavlinskiy's official statement notes. The Yabloko leader proposes that a moratorium be declared on the imposition of fines with respect to interbank credits, temporarily establishing maximum interest rates on defaulted loans. Moreover, Grigoriy Yavlinskiy considers it necessary to provide all banks capable of providing assurance that the credits will be repaid with centralized credits at the discount rate out of banks' reserves in the RF Central Bank.

It is characteristic that the bank that so unfortunately completely lost its stability precisely at the moment when the parties' propaganda machine was speeding up ceased making clients' payments as of 22 August, freezing the accounts of all its clients, including Video International. So the thesis concerning the need to preserve the system of settlements for clients' payments for medium-sized banks could not appear more timely. No less vital for Moscow City Bank is the problem of fulfilling its obligations on the interbank credit market: as of 23 August the bank ceased payment on its debts to creditors. However, the "temporary establishment of a maximum interest rate on defaulted loans" will scarcely help the virtually bankrupt Moscow City Bank; its creditors will be glad to get at least something without charging the entire amount of their loans to their profits and losses accounts "with respect to that part that has no relation to profits." Evidently, in the near future the political movements' speech writers will also be propounding arguments concerning the need for an international hunt for the bankrupt bankers: Mr. Dolgov, chairman of the board of Moscow City Bank, was last seen in Seattle.

*Agrarian Party on Position Toward Land Referendum

954E1456A Moscow KOMMERSANT-DAILY in Russian 15 Sep 95 p 3

[Article by Natalya Samoylova: "Mikhail Lapshin Intends To Speak a Firm Peasant Word"]

[FBIS Translated Text] The birth and transformation of ideas during the election campaign are occurring at dizzying speed. Just 10 days ago Agrarian Party leader Mikhail Lapshin sternly rejected the very idea of a nationwide referendum on private ownership of land, an idea which the premier had officially put forward at the second congress of Russia Is Our Home. Despite the emotional rejection of everything emanating from the "party of power," the position of the Agrarian Party of Russia leadership has undergone fundamental changes: the idea of a referendum has come to be received with emphatic scorn. It may be that the press conference that the Agrarians held yesterday was still not the final word in the process of seeking the most effective actions to counter the premier's offensive. But it is already clear that one victim of the election campaign is the Russian budget.

The Agrarians' initial reaction to Viktor Chernomyrdin's proposal to hold a referendum on the question of private ownership of land was excessively nervous: in a flurry of commentaries, the idea of a referendum was rejected out of hand. But the accusations of outright election-campaign populism that have been aimed at the premier cannot affect the attractiveness of the idea of a nationwide referendum for a substantial part of the population. Now-familiar claims about a "black division of land" or the "Bacchanalia" that would supposedly accompany private ownership of la[illegible]ave been relatively ineffective.

Evidently recognizing the need for a more thoughtful campaign on the land question, Mikhail Lapshin decided to take a new look at the problem. As his point of departure, he took the thesis that Chernomyrdin's raising the question in a referendum makes no sense, since the institution of private ownership of land is codified in the Russian Constitution and requires no additional public confirmation. "If the authorities want so much to carry out that action, let them do it," stated Lapshin, thereby emphasizing that the Agrarian Party attaches little importance to the referendum's results. Such a position is convenient in that any outcome of the referendum (in the event that the main question is oriented toward the right itself private landownership) would suit the Agrarians.

But it is politically dangerous for the peasants' party to emphatically distance itself from the problems of land ownership. The gauntlet cast down by Chernomyrdin has been taken up: Mikhail Lapshin announced the holding of an alternative peasant action. Over the course of a month and a half, peasant assemblies will be held in the regions, and they will culminate in an All-Russian Assembly. Using the populist methods that are the only reliable ones in the given case, the Agrarian Party is evidently figuring that the results of the peasant assemblies will affect public attitudes in the most direct way possible and create a certain counterbalance to the prestige earned by Our Home as the result of a successful referendum.

The final assembly will be held on 27 October and will be timed to coincide with the second anniversary of the signing of the edict "On the Regulation of Land Relations and Development of Agrarian Reform in Russia," which endowed the owners of parcels and shares of land with the right to freely buy and sell them, pass them down as inheritance, mortgage and lease them, and transfer them as contributions to the authorized capital of agricultural enterprises. On this score, Mikhail Lapshin emotionally declared: "On that day we shall speak a firm peasant word." In combination with his previously stated argument to the effect that the main problem is not to divide up the land but to preserve it, one can readily predict the opinion of the assembly's participants.

The Agrarians' desire to back up their opinion with the people's also stems from the developing battle over the 1996 budget. It can be considered indisputable that the Agrarian Party does not like the budget version proposed by the government. Mikhail Lapshin considers the budgeted amount of appropriations for the agroindustrial complex to be totally unacceptable. The agrarian lobby will insist on 15 percent of the expenditure side of the budget, which is about 60 trillion rubles. Moreover, according to the information of Gennadiy Kulik, deputy chairman of the budget committee and member of the Agrarian faction, this year's grain harvest will not exceed 60 million tonnes, while the budget is based on 76 million tonnes. This means there is a need for a purely technical correction taking the inevitable price increase into account. Moreover, in Kulik's opinion, in order to prevent a rise in bread prices connected with the poor harvest, a thoughtful state policy is essential. It should include both budgetary expenditures and reliance on market mechanisms—the enlistment of bank credits for grain procurements. In this connection, the government should develop a number of compensatory measures for participating banks. On the whole, Kulik made no secret of the fact that the Agrarian faction will not support the budget submitted by the government.

Mikhail Lapshin on Three Referendum Questions

The leader of the Agrarian Party of Russia proposes that three questions be formulated and submitted to referendum. The first—concerning the right to privately own and freely dispose of parcels of land attached to farmsteads—is addressed to the entire population of Russia. The second—concerning the right to privately own and freely dispose of land and real estate in cities—is addressed to city dwellers. The third—concerning the right to privately own and freely dispose of land used agriculturally—is addressed to the rural population.

*Planning for Legal Reform Initiated

*Legal Reform Plan

954E1472A Moscow ROSSIYSKAYA GAZETA in Russian 20 Sep 95 p 3

["Directive of the President of the Russian Federation: On Legal Reform Implementation"]

[FBIS Translated Text] In support of the concerted activity of federal organs of state power and also federal organs of state power and organs of state power of components of the Russian Federation on the practical realization of legal reform envisaged by Edict No. 673 of the president of the Russian Federation of 6 July 1995 "Development of a Concept of Legal Reform in the Russian Federation":

1. To confirm the appended Comprehensive Plan of Measures in Realization of Edict No. 673 of the president of the Russian Federation of 6 July 1955 "Development of a Concept of Legal Reform of the Russian Federation."[*]

2. That the Office of the President of the Russian Federation, the Government of the Russian Federation, and the Russian Academy of Sciences shall in conjunction with research and educational legal institutions ensure the necessary conditions for the timely implementation of measures in accordance with the Comprehensive Plan specified in clause 1 of this directive.

3. Coordination of work on the Comprehensive Plan and supervision of its fulfillment shall be entrusted to the chief of staff of the president of the Russian Federation.

[Signed] B. Yeltsin, president of the Russian Federation

22 August 1995
No 389-rp

Footnote

[*]Not published.

*Legal Reform Conference

954E1472B Moscow ROSSIYSKAYA GAZETA in Russian 20 Sep 95 p 3

["Directive of the President of the Russian Federation"]

[FBIS Translated Text] In support of execution of Edict No. 673 of the president of the Russian Federation of 6 July 1955 "Development of a Concept of Legal Reform in the Russian Federation" and Directive 389-rp of the president of the Russian Federation of 22 August 1995:

1. To hold 3-5 October 1995 in the city of Moscow a scientific and practical conference with the participation of representatives of leading political parties and movements (by arrangement), leaders of federal organs of state power, and representatives of Moscow and regional scientific and educational institutions (faculties of a legal and economic profile) with a total number of participants of up to 180 persons.

The organization of the scientific and practical conference shall be entrusted to the Office of the President of the Russian Federation and shall be held at the Lesnyye dali holiday hotel within the jurisdiction of the Administrative Department of the President of the Russian Federation.

2. The chief of staff of the president of the Russian Federation shall confirm the composition of the commission for the preparation and staging of the scientific and practical conference and its standing orders.

3. The Administrative Department of the President of the Russian Federation shall provide for the accommodations, transport service, and organization of meals for the conferees.

Expenses connected with said conference shall be referred to the expense account of the Office of the President of the Russian Federation.

4. Transport costs of the out-of-town conferees connected with the return fare to the city of Moscow shall be referred to the organizations that sent them.

5. This directive shall take effect the day it is signed.

[Signed] B. Yeltsin, president of the Russian Federation

16 September 1995
No 418-rp

*Commentary on Need To Combat Legal Illiteracy

954E1472C Moscow ROSSIYSKAYA GAZETA in Russian 20 Sep 95 p 3

[Article by Valentin Maslennikov under the rubric "Commentary": "Knowing the Law Is Not a Privilege"]

[FBIS Translated Text] One venerable journalist—one of those whom we have become accustomed to recognizing on the television screen—was recounting a conversation with a New York taxi driver that had lodged in his memory. The latter turned out to be a "new American" of Odessa extraction who in his Soviet past had not been on the best of terms with the Criminal Code. "You know how I started out in America? By learning by heart eight laws of the state, primarily on taxation," the former citizen of Odessa acknowledged. "You cannot take a step here without this. But in the Union I became acquainted with the laws sitting on the jail bed...."

This is how many of us begin our acquaintance with this law or the other, when we have knowingly or unknowingly come into conflict with it. And we are not talking just about the Criminal Code.

We were taught to be law-abiding, but few people knew the laws. A negative attitude even was cultivated in the Russian, if you'll excuse the expression, mentality toward those rare souls who were knowledgeable in this field. We were prepared to call them both pettifoggers and dogmatists.

We are only just beginning to live under the conditions of a state based on the rule of law. No, we are not living under these conditions yet. But, as before, we do not even read the laws that have been adopted in recent years. More than 500 new legislative instruments have been adopted, incidentally.

But let us not despair. Recognition of this truth (that we are, for the most part, legally illiterate), which is none too pleasant for us, is prompting people to take the sole correct step: If you do not know, learn! It is no accident that you cannot now even elbow your way into legal educational institutions, there is incredible competition. Legal literature, although not cheap, does not gather dust on the bookshelves. Lawyers with degrees are being snapped up. Our law enforcement authorities are tearing their hair: There is no one to do the work, the commercial structures have pilfered all the specialists. They are paying them more money than even the president has dreamed of.

Well, let them do so. Learning is a commodity for which no amount of money should be grudged. We should feel sorry for people who lack legal knowledge. And help them to assimilate this knowledge. The recent directive of the president of the Russian Federation, which confirms the Comprehensive Plan of Measures for Realization of the Edict "Development of a Concept of Legal Reform in the Russian Federation" and orders the Office of the President, the Government of the Russian Federation, and the Russian Academy of Sciences in conjunction with research and educational legal institutions to ensure the necessary conditions for the implementation of this plan, is connected with this.

What lies in store for us? Briefly, a conceptualized official policy for overcoming our legal illiteracy. No, no one is about to turn the 180 million population of Russia into lawyers one and all. Legal documents should not be implanted in each of us from our youngest years. Otherwise the "state based on the rule of law" concept would remain a fine, but empty phrase.

The All-Russia Congress on Legal Reform is an important measure. The organizing committee has already been formed. It will attract the best forces of the scientists and practical experts, who will collate all the requirements of legal reform. A Legal Reform Commission will begin to operate in the Office of the President. The country's best scientific forces will constitute a permanent roundtable for the discussion of proposals concerning the formation of the concept of legal reform in the country. All bill-drafting work will be coordinated at the federal level.

Much in the way of resources, of which the national budget does not have a great abundance, will also be required for such ample work. Nonetheless, a working commission, which will collate all the proposals for the most efficient use of budgetary resources possible and map out other sources of funding of the work on legal reform and legal information support, has already been created.

Legal personnel requirements will be ascertained in full: whom to teach from scratch, who should improve his qualifications, and whom to provide with a second, legal, education. But the teaching may done variously also: Some may be taught free of charge, some for a sizable amount. Unfair? It is hard to say. Powerful commercial structures will surely agree to additional outlays as long as they can acquire highly skilled specialists as quickly as possible. And the educational institutions may be various also—both state and commercial.

Our legal science will have a large workload also. The academic councils of the country's premier institutes and research centers will have to have their say. There will have to be comprehensive research into the methods and procedures of teaching in the sphere of legal education.

Nor have government officials been forgotten. The legal offices of organs of state power of all levels will be clarifying their functions and plans of activity. It is contemplated furnishing them with the most modern computer equipment.

I would like to hope that this wide-ranging official program will become an integral part of our life and will not repeat the sorry fate of many of the propaganda campaigns of past times.

*Duma's Law-Making Inability Deplored

954E1472D Moscow ROSSIYSKIYE VESTI in Russian 21 Sep 95 p 2

[Article by Professor Vladimir Guliyev: "Of the 13 Constitutional Statutes, Just One Has Been Adopted: Why Reform Has Yet To Manifest Itself in the Sphere of Law"]

[FBIS Translated Text] A conference for the development of a concept of legal reform organized by the Office of the President, in which representatives of power structures and well-known legal experts will take part, will be held 3-4 October, and today the same problem will be discussed by a roundtable of the Public Chamber under the auspices of the president of the Russian Federation. Professor Vladimir Guliyev expresses his viewpoint on the legal situation in the country.

The edict of the president of the Russian Federation of 6 July "Development of a Concept of Legal Reform in the Russian Federation" essentially revised the settled notions concerning priorities in the "arrangement" and implementation of the cardinal transformations that are changing (and have already changed) the historical vector of the objective reality and evolution of our country: from closed totalitarian, monopoly-dictatorial, and distributive to openly democratic, pluralist-liberal, and market. On the customary list of spheres of public life to be reformed there figured the economy and the state-managerial, social, spiritual-ideological, and foreign economic spheres. The legal sphere proper—legislation, justice, the mechanism of application of the law—either completed this list or was altogether contemplated as an exclusively auxiliary instrument. Consequently, not one to which recourse was always had either on account of the bad native tradition of the use of direct compulsion and violence, extra-judicial "organizing activity," so to speak, of which the CPSU, which ruled the country, was so proud.

In fact, we are encountering an underestimation of the law and disregard for it no less often under the conditions of implementation of the reforms, perhaps, than before they commenced. That the focus of the entire aggregate of offenses and their scale and sources, social base, and psychological motives have changed is another matter—these qualitative changes demand, accordingly, measures ensuring that they be localized, minimized, and maximally overcome which are, accordingly, largely different from before.

The new social system (merely a goal as yet, although enshrined in the Constitution of the Russian Federation, it is true), whatever the obstacles of an antilawful nature via which it was formed, is by definition even inconceivable other than as the legal structure of a civil society, a constitutionally democratic state, a free, but law-abiding, citizen, and the sum total of relationships and interaction among them. Whatever we take: the institution of private property, entrepreneurial initiative, political activity, production or any other creative activity, none of this is practicable in accordance with its original purpose unless it has been created by means of the law and is guaranteed by the law and is based on and limited by legal (judicial) mechanisms.

The implementation of legal reform in present-day and future Russia may be adequately understood in two contexts, therefore: 1) the legal reform of all aspects of social life as a whole, and for this, 2) reform of the law itself, that is, statutes and legislative acts, structures of the state, primarily the judiciary, the system of the rights, liberties, obligations, and responsibility of man and citizen, and guarantees of their support and implementation. In a word, all institutions of the state based on the rule of law and the civil society that is taking shape without exception outside of, apart from, and, especially, contrary to the law do not emerge in this capacity. On the contrary, they will experience (and are to a considerable extent already experiencing) a mutation into the condition that combines the worst features both of previous eras (the total bureaucratic license, the monopolism of integrated power and property, and the oppressed position of the individual) and vulgar, "wild" capitalism (the diktat of the rich, corruption, and so forth).

Legal reforms have, in fact, already begun. An entirely democratic constitution is already operating, albeit not in full, judicial reform is no longer at a standstill, and a number of fundamental statutes has been adopted (part one of the Civil Code and laws on the status of the deputy of the Federal Assembly, on the Constitutional Court, and others). But there is no systemic approach, no consistency, in this voluminous work as yet. However odd, the initiative in legislation belongs not to the legislative body, parliament, but to the executive and the head of state. The State Duma is stymieing the plans of legislative work, constantly being distracted by "investments" in the sphere of current state administration and foreign policy statements. In addition, the purely political motives of influential factions are impeding the adoption of a modern agrarian law and normal enactments on entrepreneurship, the electronic and all other news media, and political parties. In addition, a law on the procedure of formation of the Federation Council has not even been adopted.

How can there be any question of "the productive lawmaking activity of parliament" (I. Rybkin's words) if of the 13 constitutional statutes specified in the text of the Constitution itself, just one single one has been adopted and has taken effect?!

Of course, those required according to the president's edict of 6 July 1995 to prepare and support legal reform are faced with a task not only of historic significance but of just as great historical complexity. The current state of the legislative area is characterized by incompleteness, an insufficiency of mechanisms of realization, contradictoriness, and even sociopolitical varidirectionality (whence the formula concerning the operation of laws of the USSR and the RSFSR adopted earlier where they do not contravene the 1993 Constitution).

The second difficulty is the nature of the political-psychological mentality, precepts, and motivation of the entire "body of law enforcers": prosecuting attorneys and investigators, judges and the police, and officials in general and judicial officials in particular. The rights, liberties, and obligations of the ordinary man and citizen have not become for them a priority value in the entire process of government of the state. The priority of "command-managerial status" has come to be replaced by the priority of capital and, simply, crude force, but by no means the equality of free citizens protected by the law—their life, property, and honor.

The third limitation is composed of funds, that is, the material and financial resources of legal reform. Judges on the cheap and an inexpensive police force always prove very costly for a country and its citizens.

For these and other commonly known reasons it may be said that the statement that "crime is a threat to national security" is somewhat belated. Crime has already appreciably undermined national security, more, its sources no longer lie in crime syndicates and street turmoil but also in the machinery of state itself and a number of its important structures.

In speaking about the 6 July edict, mention has to be made also of the directive of the president of the Russian Federation which confirms a comprehensive plan of measures in realization of this edict. Attention is paid in the plan to the systemic character, the financial support, and the personnel resources necessary for the implementation of legal reform (including reform of the judicial and the entire law-enforcement system). At the same time the preponderance in the plan of conferences, sessions, "forums," and "congresses" (20 of the measures out of 36) betrays relics of Soviet-communist traditions in the work of those who compiled the plan (be they members of staff of the Office of Constitutional Law of the administration or of the Office of Assistants of the head of state). The research focus, plainly called this in the presidential edict, incidentally, is manifestly cramped by the very long list of conferences, meetings, and sundry talking activities.

Yet without consolidation of the results of research (sociological, legal, demographic, culturological, sociopsychological, criminological) and their reinforcement by that which is lacking, all reforms are doomed to fail. The failure of legal reform is not simply the nonachievement of the desired result but, worse, the achievement of a result that is the direct opposite (an increase in crime, the de-juridicalization of public service, a weakening of the already weak investigations and the court, and, necessarily—immediately or ultimately—a qualification of the rights of the individual, the citizen, and the personality).

In a word, the legal reform of a great country means titanic labor and a long road. The first steps have been taken. We need to go further—having checked both the direction and our watches.

*Weaknesses of Current Laws, Need for Legal Reform Stressed

*Laws Provide No Protection for Citizens

954E1406A Moscow ROSSIYSKIYE VESTI in Russian 12 Sep 95 p 3

[Article by Yuriy Tikhomirov: "Why the Person Is Defenseless in a Sea of Laws and Regulations—*Reflections on the Paths of Legal Reform*"]

[FBIS Translated Text] Everyone in our country is asking the questions: why is crime going up instead of down, what are the reasons for the "boom" in lawmaking and, at the same time, weak and ineffective laws, how can we explain the lack of development and poor effectiveness of a whole series of state and democratic institutions, how are the rights of citizens and their court protection actually ensured? It is not easy to answer them, and matters do not come down to purely legal answers alone.

The roots of these phenomena run deep. It must be said that the many years of "legal vacuum" and the "legal boom" of recent years have engendered a persistent ignoring of the law in any sphere of the life of society. But the legal sphere, after all, does not exist in and of itself, it is not isolated. It also penetrates the political, economic and social spheres, conditioning or affecting their development. There is no surprise that the transformation of economic, federal and other relations is proceeding as badly as it is, with disruptions and deviations. The legal norms that govern them first arise, then are ignored, and then are changed.

And the situation cannot be altered by any solitary measures today. A sweeping turnaround—legal reform—is needed. The realization of the provisions of the Constitution and the strengthening of Russian statehood on the basis of it cannot be ensured without it. It is difficult to put the legal foundations of society on a solid footing, as well as to achieve a systematic and planned lawmaking process.

These are precisely the considerations that were inherent in the Edict of the President of the Russian Federation of 6 July 1995, "The Development of a Conceptual Framework for Legal Reform in the Russian Federation." The conceptual framework should be oriented toward the legal support of the most important functional areas of Russian statehood, and the development of a full-fledged civil society. Twelve basic elements of the framework and its substantive parts (support for the system of human rights, a deepening of federalism, administration, and strengthening the fight against crime, among others) have been established.

Concrete assignments have been made. They pertain, however, to the preparation of proposals for the performance of research work. The requirements of legal regulation must be ascertained, after all. Another is the development of the structure and basic provisions of the conceptual model, and a third is the financing of the work etc.

The first steps have already been taken. A detailed plan of action has been worked out, and the participants in its fulfillment have been determined. And there are many of them. They include the Presidential Administration with its structures, the State Duma, legal-science institutions and higher educational institutions, the Ministry of Justice and the Supreme Court. Specialists and scholars from the subjects of the Federation will also be brought in. Conferences and roundtables will be scheduled to discuss and gather proposals for the conceptual framework. The head of the Presidential Administration has already held a series of useful conferences with scholars.

It is important today that everyone assess correctly the sense and significance of legal reform, and be included in the development of its provisions. This is a creative cause, and scholars and practitioners must "sow" and "cultivate" the "legal fields" through coordinated effort, not allowing it to be trampled or overgrown with weeds. I will state my own considerations.

First. How is legal reform to be understood? Is it linked only with the improvement of legislative activity and the realization of legal acts? I would note that quite a few legal scholars are inclined to this interpretation. It seems to me that one can allocate three large blocks of elements to legal reform—strictly regulatory-legal, institutional, and legal-behaviorial. Each block may be broken down into its internal constituent elements.

All of the blocks and their parts should be strictly interconnected.

Everything is otherwise reduced to the gathering and realization of fragmented proposals—the passage of laws, the changing of the functions of bodies etc. Can one, for example, consider a task in the sphere of legal relations to be resolved with the adoption of a labor code? No, of course not, since a restructuring of the bodies of the Ministry of Labor system, among others, and a knowledge by citizens of their labor rights and their active court protection are required. A rise in the number of strikes is now being observed around the country, after all. They have increased by 2.3 times over the first five months of this year. The number of labor disputes has increased by four times over.

Second. The conceptual framework must provide an analysis and evaluation of the contemporary state-legal status of Russia. Temporary and steady legal situations will have to be studied for this, and the effect of various factors on them evaluated. One can then assess the characteristics and indications of legal status: a) the extent of realization of the principles of constitutional order; b) the level of development of legislation and individual areas of it; c) the actual process of the application of laws and the force of law; d) the degree of effectiveness of state power and its institutions; e) the realization of the federative principles of the state; f) the assurance of the status of citizens and the reality of the guarantees of their rights and freedoms. More specific indicators are required for each sphere.

A critical analysis of the situation will make it possible to determine the most acute state-legal contradictions, and to reveal problems and plan the priority means for their resolution. The method of "goal trees" could be of use here as well.

The accomplishment of legal tasks must be linked with the resolution of other tasks. It will then be possible to avoid the artificial isolation of the conceptual model for legal reform from the programs of economic, state, social, military and other reforms. Their coordination will make it possible to balance legal processes with economic and other processes, and to ascertain their mutual impact.

What are the aims of the conceptual model for legal reform?

The principal aims of the conceptual model are: a) providing for the consistent realization and protection of the Constitution of the Russian Federation; b) creating conditions for raising labor standards, the active utilization by citizens of their rights and freedoms and their fulfillment of their obligations; c) deepening the legal foundations of the life of Russian society; d) strengthening Russian statehood and its institutions; e) ensuring the systematic and planned nature of the lawmaking process, and the formation of a modern system of legislation.

The initial (existing) state-legal status should be altered in a consistent and purposeful fashion in accordance with the indicated aims. This process cannot be considered spontaneous, and it must be regulated.

The aims of the ultimate formation of the institutions of the state, institutions of civil society, and foundations of the contemporary system of legislation can be realized in stage I (1996-1999).

The mechanisms for the effective functioning of all democratic institutions and the procedures for the force of law and overcoming legal clashes and conflicts should be worked out in stage II (2000-2003). A further rise in the labor standards of citizens and their skillful utilization of rights and freedoms will have to be ensured.

Third. The preparation and realization of the conceptual model for legal reform will require the solution of a whole series of major theoretical scientific problems—for instance, the limits and amount of legal regulation, the optimization of the correlation of laws and legally enforceable acts, the legal regime of ownership, and centralization and decentralization. The selection of the problems should be carried out within the context of each thematic block and at the "junctions" of those blocks.

Fourth. The thematic blocks of the conceptual model, and the tasks that need to be accomplished apropos of each of them, will have to be projected correctly. An analysis of the current state of each block and its internal elements should be supplemented by an assessment of the ways of developing them and new qualitative states accordingly. It is of course also necessary to attempt to determine their mutual connections and impact.

We turn now to the institutional block of the conceptual model. The strengthening and protection of the constitutional order is a fundamental problem here. It requires the definition of a strategy for the development of the state, its functions, and the spheres and methods of its activity. The amount and limits of state activity in the economic, social and other spheres, after all, are unclear now, and especially in the future. Whence concrete and consistent steps become possible to straighten out the objects of administration and the powers of the bodies of the Federation and its subjects. A harmonization within federal relations in the sphere of ownership, budget and taxes will make it possible to resolve social tasks more successfully and to avert conflicts. The federation should be democratic.

Next comes a series of tasks to improve the organization and functioning of state power. The elimination of the unnecessary fragmentation of functions and confrontation must be combined with a strengthening of the system of legislative (representative) bodies. A restructuring of the system of executive bodies is required, in view of their parallel and cumbersome nature. The host of agencies and commissions at all levels "fragments" their activity and makes it ineffective. An underestimation of state administration and regulation is also a hindrance, for instance apropos of licensing, state registration, support and incentives.

The demands to strengthen the fight against crime and protect the rights of citizens require a restructuring of the law-enforcement system and the overcoming of unprofessionalism and inaction. Legal bodies need to be truly strengthened. It is still difficult for the courts to perform the tasks entrusted to them, although there are encouraging signs—the Zamoskvoretskiy Rayon Court recently deemed unconstitutional an order by Minatom [Ministry of Atomic Power] that violated the rights of citizens.

A reduction in the scope and extent of citizen participation in administration is being observed in recent years, despite the outwardly pronounced "democratic pathos." Others—politicians and owners—are thinking of themselves once again. The full expanse must be opened up for the institutions of direct and representative democracy, as well as local self-government, which has been reduced to the confrontation of structures and officials so far.

We will now consider the possible substance of the regulatory-legal block. Large changes have appeared here at first glance, and more than 500 new laws would seem to serve as a persuasive argument. But that is not the case. The chaotic adoption of laws and other acts, the passivity in their realization, and a host of legal clashes are drastically reducing the "impact of the law."

There are perhaps four primary tasks that need to be resolved in order to overcome these contradictions. A systematicity and purposefulness must first be achieved in the legislative process, along with a coordination of the efforts of the subjects of legislative initiative and strict expert analysis of the drafts. Much could be done here by a united commission to coordinate legislative activity.

Second, the system of legislation must be updated and straightened out so that the sectors, subsectors and institutes would develop in rhythmic fashion. There are still, for example, contradictions in the drafts of the land and tax codes with the GK [Civil Code]. Then the tasks of the correct correlation of laws and legally enforceable acts and the preparation of a Code of Laws will be able to be resolved, as well as providing for the accessibility of the entire regulatory base.

Third, it is extremely topical to achieve systematic legal support for the economy. We have in mind both a combination of the norms of various sectors—civil, administrative, budgetary, tax, and banking legislation—and the planned development of first basic and then specific acts of legislation within the framework of each sector; for instance, about 30 laws need to be adopted after the GK. A legal procedure likewise needs to be provided in the social sphere, where bills on science, medicine and education, among others, are still "stuck."

Fourth, we need to shift the enter of gravity to supporting the force of law, both via a true restructuring of the activity of all bodies, organizations and citizens in its channel, and via solid court protections.

We must learn to measure the level of legality in individual organizations, sectors and regions. Scholars should develop indicators and ascertain dependencies for that purpose.

The third block of the conceptual model of legal reform is especially important, since it "animates" the other two, as it were. This is the legal-behavioral block, the active human factor in state-legal development. The acts, bodies and procedures remain no more than ritual actions without it.

The person is still defenseless in a sea of laws and regulations. We must thus immediately improve the whole system of legal education in the country. Universal legal education and higher educational institutions of the law need powerful support, and legal knowledge must be considered a most important element of professional and civil maturity.

All laws and other acts, in accordance with the Constitution, must provide an explicit codification of the rights and freedoms of citizens and their guarantees. Whence the possibilities and resolutions of the tasks of protecting and realizing the rights of citizens, including the legal procedures. The situation here is still very bad, and the person is the chief figure in the law-governed state.

Devising a conceptual model for legal reform, as we see, is a very complex task. With its help, after all, one may compose a "legal model" of society. Its ultimate results will be, first and foremost, efficiently operating democratic institutions that successfully resolve socioeconomic tasks. New legislation and a mechanism for its realization should be formulated. The citizen comes to feel confident and protected.

It would be expedient to submit the conceptual model, after the completion of work on it and its approval by the President, for the consideration of the new convocation of the State Duma. Approval by parliament would make it possible for all state-legal activity in the country to be conducted in a systematic and consistent manner and, with broad democratic reform, publicly. Let everyone know that the structure of the law-governed state depends on the serious efforts of each person.

FYI. *Yuriy Tikhomirov is the first deputy director of the Institute of Law and Comparative Legal Studies, a Doctor of Legal Sciences and a professor.*

*Businessmen Turn to Mafia To Resolve Disputes

954E1406B Moscow ROSSIYSKIYE VESTI in Russian 12 Sep 95 p 3

[Article by police Colonel and Candidate of Legal Sciences Vyacheslav Razinkin under the rubric "Opinion of a Specialist": "'Thieves in Law' Demand No Information in Rushing to Judgment"]

[FBIS Translated Text] *The practical application of the law is in crisis here. So it is not surprising that arbitration tribunals are frequently run by criminals.*

I was recently told about a slightly unusual event. A young man borrowed a thousand dollars from his aunt and did not return it for a long time, despite the insistent requests of his relative. The aunt then decided to go to the authorities. Not the legal authorities, however, but the criminal authorities.

These terrific fellows soon "started the meter" on the unlucky nephew. The debt began growing to astronomical sums. The fellow was given an ultimatum of a month, for a failure to fulfill which he would pay not only with his own life, but also that of the lives of those close to him. Only the timely intervention of the officials of the subdivision to combat organized crime was able to stop the impending awful consequences of the debt for those relatives.

The "thieves in law" have mastered so-called "legal," more precisely third-party, obligations first and foremost. They reign supreme at gatherings where the deeds of their fellows that are not comely from the standpoint of their customs and traditions are discussed.

If a dispute arises among themselves, it can be resolved by a prestigious older "thief." One of the veterans of the criminal world, an especially dangerous leader who goes by the name Mordak, lives in Saratov. The young people ask him to judge them. The reasons for such trust are understandable—if Mordak takes up an issue, there will be no carnage in the streets.

But even the elders make mistakes. Mordak was asked in August 1994 to judge the "thieves in law" Makho and Khasan—they were already prepared to assemble their fighters. The irreconcilable enemies came to an agreement.

But this time Mordak was unable to be nice to both disputants—Makho did not earn his blessing. Bursts of automatic weapons fire were heard on one of the streets of Sochi a few days later.

Now we return to the discussion that we were having first. Entirely decent people have seemingly been turning to the bandits for help in recent years—merchants, bankers, businessmen. What is compelling them to do that?

An analysis of the practical application of law testifies that the legal system of Russia is currently in profound crisis. This pertains to criminal and civil law and to arbitration proceedings.

The arbitration tribunals of "thieves in law" do not have the red tape of officialdom; official statements and other documents, information certified by a notary, reports of financial activity and the like, are not demanded from you.

Second—and this is of no small importance—certain aspects of the activity of most commercial structures, as well as quasi-state or even state joint-stock companies and enterprises, are sometimes of a criminal nature. It is thus simply not advantageous for the victims that law-enforcement bodies begin nosing around in their affairs—what does a businessman need with excessive publicity?

Third, it brings almost immediate results; the most clever swindler comes with a confession, and the debtor with money.

Very many respected bankers and businessmen of Moscow and Moscow Oblast see no other helper and savior for themselves at a difficult moment than the elder "thief in law" Savoska. Having attentively studied the problems of the petitioner, Savoska rules a swift but fair court. A fine was imposed on one party. the meter was started on another, a third was ordered to pay up in full, and others were pardoned.

The honorarium for Savoska is sometimes computed in the tens of millions of rubles, or even hundreds of thousands of dollars. People close to Savoska attest that he calmly put that money into his own pocket.

This is also a sign of our times, by the way—it was a terrible thing for the "thieves" to even think about such willfulness not all that long ago. The profits from this judging were to go only to the common pot according to the laws of the criminal world at the time, and from there went for the urgent needs of the criminals themselves.

That is not the case today. The author was told recently how one "thief in law", after the latest "sorting out," demanded payment that exceeded considerably the value of the deal from both the creditor and the debtor. When the petitioner, astounded by this effrontery, got the idea of protesting, his benefactor inquired whether the person was tired of walking the earth.

I hope it is now understandable at the expense of what or, more likely, whom most of the criminal authorities live in grand style, where their magnificent dachas, cars, guards and dozens of firearms come from.

The mafiosi, having become "peacemakers," are so bold as to count on a good attitude toward them from the local leaders. They count on a whole series of concessions and indulgences. Judges, for instance, could release them from arrest on the pledge of dangerous criminals. Investigators just as quickly curtail or halt noisy criminal cases. A criminal case that was instituted by one of the procuracies in Sochi on the instance of the aforementioned execution of the "thief in law" Makho and his assistants, for example, was halted on the formal grounds that that most of the necessary investigation had not been performed in time.

Is this a coincidence? No, the prestigious "thieves," the so-called tribunals of Uncle Khasan and Miron, handled this criminal case.

You can expect nothing good from this, if it occurred; the criminals become insolent, while the police are neutralized by highly placed, corrupt representatives of the local authorities.

The consequences of these events are reflected in the following: propaganda through various mass media that the criminal way of life, especially social parasitism and the actions of inveterate criminals, is justified grows stronger, the campaign to compromise the law-enforcement bodies becomes more vigorous, and pressure grows on the administration of places of confinement.

A more comprehensive and vague spiral in the capture of local authority by the leaders of organize crime, as has happened in the south and in the Far East of Russia, in other words, is being launched. One can imagine what efforts are being undertaken by the bosses of the criminal clans in the course of preparations for the elections to the State Duma, what funds are being moved so that their associates in the criminal trade end up among the legislators.

Some writers and journalists are playing far from the least role in strengthening "criminal" prestige. A. Vaksberg recommends in his article that appeared in a 1995 issue of the journal OBOZREVATEL, "Given common sense, some financial capabilities and personal energy, it is far more sensible to take advantage of the services of any, even a non-competing, criminal sphere—you really will find criminal plotters there, sit down at the negotiating table and come to the consensus that is so odd to our former president. It is expensive and morally difficult, but it is, on the other hand, entirely realistic."

And what if some citizen has no financial capabilities, what does he do then, go to the "thieves," bandits and cabals?

Such advice, it seems, brings no benefit to ordinary Russians, while the facilitation of the passage of laws that conform to the socio-political or socio-economic conditions in Russia by the methods characteristic of journalists would be much more useful. The legislators possibly approached the assessment of draft legislation more objectively.

Something that used to be inconceivable and has always been disdained by society is happening before our eyes—the rogues are trying to look imposing and more respectable in its eyes.

I admit that we were simply astounded at the Main Administration on Organized Crime of the MVD [Ministry of Internal Affairs] of Russia where I work, to find out that the "thieves in law" and their closest associates were honored guests at the widely known "Kinotavrakh" in Sochi.

What will we hear from the organizers? Or else perhaps such company does not shock them at all. Why shouldn't the masters of the screen get acquainted face to face with the heroes of future films? We have already been able to see killers who simply elicit sympathy from the viewer in films that have already come out: they were hungry in childhood, their parents were scoundrels, and they put bullets exclusively into inveterate scoundrels. That is the movies.

*Article Views Administration's Diamond Speculation

954F3406A Moscow ZAVTRA in Russian Aug 95 No 34, p 1

[Article by V. Ya. Zaytsev, chief of the Control Administration of the Russian president: "Why Are Russian Children Starving? Because B. Fedorov Loves Diamonds"]

[FBIS Translated Text] Why are mothers in Ivanovo Oblast cooking oilseed hulls for their hungry children? Why does an ancient female teacher, having waited until twilight, go digging in the dump? Why is the designer of the best combat aircraft in the world selling panty hose at a street market? Why does a disabled veteran of the Great Patriotic War have no way to buy medicine? Why are old churches in Pskov being destroyed, while restorers do not have a kopeck? Why are worn out nuclear reactors ready to explode and there is no money to rebuild them? Why are soldiers in Chechnya fighting with outdated weapons? Why do artists and writers live by begging? Why are unemployed girls becoming prostitutes? Why are unemployed boys becoming killers?

It is because after 1991 a greedy and amoral pack of "democrats" burst into politics, stole the Homeland's inestimable wealth and sent it abroad, and turned a proud and free people into unhappy crowds of sufferers from dystrophy and other illnesses, fire victims, fearful and degraded, fallen into slavery to scoundrels as in the worst days of the occupation.

They have committed the "misdeed of the century," these Gaydars, Shakhrays. Shumeykos, and Chubayses, and their names are entered forever in the Russian "Black Book." A special place among them is occupied by lustful, temperamental Boris Fedorov, the recent vice premier and finance minister with whom the people associate their misfortune, the confiscation of savings, and plant shutdowns and who, after being driven out of the government, suddenly became a "nationalist" and a "statist." He formed the Forward Russia movement. He is pushing toward the Duma elections. He publishes vile columns in IZVESTIYA that sputter with hatred and shamelessness.

The materials which we are publishing relate to the "diamond affair," which would have meant prison for the participants if it had happened in Europe, and if it had been in the Soviet Union they would have been executed. Let us wait and see how the trial of the "diamond affair" will end in Yeltsin's Russia, where theft is a principle of honor, while murders and executions of parliaments are the norm. Let us also wait and see how the trial ends in the case of illegal sale of automatic weapons to Latvia, where Shumeyko is involved and the case of the "red mercury," in which Gaydar appears. Let us wait, listening to the banalities of Chernomyrdin and Ilyushenko and remembering that Russia today is losing 1 million of its population who are dying out each year.

Information Uncovered During the Audit of Roskomdragmet [RF Committee on Precious Metals and Precious Stones] on the Unlawful Release of Hard Currency Assets and Their Delivery for Sale in the United States

The Control Administration of the RF president conducted an audit of performance by ministries and departments of RF laws and the edicts and directives of the RF president on ensuring state interests in forming the RF State Fund of Precious Metals and Stones, their extraction, production and targeted use, sale on the domestic and foreign markets, and ensuring record keeping and preservation of them.

At the present time the audit of these questions at the RF State Committee on Precious Metals and Precious Stones (chairman Ye. M. Bychkov) is ending.

During the audit, the Commission found cases in 1993 and 1994 of unlawful release for sale of foreign exchange assets from the RF State Fund of Precious Metals and Stones and their export to the United States. As a result Russia suffered a loss of $171.6 million, U.S..

It has been established that on 22 April 1993, I. D. Moskovskiy, former chief of the division of finances, budget, and monetary circulation of the RF Government (and presently chief of the finance-budget administration of the RF president's administration) and Ye. M. Bychkov, chairman of Roskomdragmet [RF Committee on Precious Metals and Precious Stones], prepared and delivered to former deputy chairman of the RF Government B. G. Fedorov a work memorandum on the results of negotiations and the agreement reached with the American companies Jameson and Jameson and Golden ADA Inc. for delivery of 10,000 carats of diamonds to these companies.

It was planned to place the diamonds in the Bank of America, on consignment terms, as security. This bank was supposed to open a line of credit for $500 million, and the diamonds would be paid for from it. It was contemplated that up to 20,000 carats of diamonds would be delivered to the United States for sale each month.

Subsequently I. D. Moskovskiy petitioned B. F. Fedorov to commission Roskomdragmet to deliver to the Golden ADA Inc. company in the United States not just diamonds but also various articles made of gold and silver. B. G. Fedorov's consent was obtained, and he gave the corresponding order: "Agreed in principle. Need substantiation, including legal for all participants, and drafts of agreement documents. All correspondence confidential." The Golden ADA Corporation was registered in the State of California, USA., on 29 October 1992. Its charter capital was $1.3 million.

Documents in the Commission's possession permit us to conclude that the corporation was formed by three former citizens of the USSR, the brothers A. and D. Shagiryan and A. Kozlenok, on money transferred from the Moscow Kristall [Crystal] Plant.

The Shagiryan brothers have now been removed as charter members. A. Kozlenok owns the company. The hard currency has not been returned to the Kristall Plant in Moscow.

In May-June 1993, carrying out B. G. Fedorov's commission and without the permission of the RF Government, based on an improper authorization from Ye. M. Bychkov, chairman of Roskomdragmet, the following foreign exchange assets were released from the RF State Fund of Precious Metals and Stones for sale to Golden ADA Inc.:

Diamonds—25,600 carats worth $18,856,400; 40.7 kg of gold jewelry articles worth $9,546,500; 5,075.4 kg of gold coins (new) worth $65,794,400; 0.25 kg of gold coins (American dollars, English pounds, prerevolutionary French francs) worth $4,000; 0.75 kg of silver coins worth $200; and 415.9 kg of household silver worth $415,400. The total value was $94,606,900.

Ye. M. Bychkov, Roskomdragmet chairman, and Yu. A.Kotlyar, his first deputy, referring to the commission from the RF Government, appealed to the RF Ministry of Foreign Economic Relations and the RF State Customs Committee on the questions of issuing an export license to Roskomdragmet and accomplishing essential customs procedures.

Officials at the RF Ministry of Foreign Economic Relations and the RF State Customs Committee did not defend state interests; without the authorization of the Government of Russia, they issued the export license and allowed the foreign exchange assets to cross the border.

Unable to get a line of credit opened and knowing that hard currency was not coming from Golden ADA Inc., in February-April 1994 Roskomdragmet chairman Ye. M. Bychkov, his first deputy Yu. A. Kotlyar, and deputy Yu. I. Kornilov illegally released gem-quality diamonds worth $88.7 million from the RF State Fund of Precious Metals and Stones for sale to the Zvezda Urala [Star of the Urals] Company. That structure was a subsidiary enterprise of Golden ADA Inc. The leaders of Roskomdragmet knew this.

Nonetheless, first deputy chairman of Roskomdragmet Yu. A. Kotlyar concluded a contact to sell this company gem-grade diamonds worth $22.1 million with payment deferred for up to 60 days and went before an official representative of the RF Ministry for Foreign Economic Relations with a request to issue the firm a license to export diamonds for processing to Golden ADA Inc. in the United States. On 24 February 1994 the diamonds were shipped out of Russia.

At the time (29 March 1994) of the Zvezda Urala Company's second request to Roskomdragmet to turn over gem-grade diamonds to it, but already in the amount of 80,000 carats, this company's indebtedness to the Committee for the diamonds released for sale earlier had not been paid and totaled $22.1 million.

However, deputy chairman of Roskomdragmet Yu. I. Kornilov, in violation of established procedure, authorized release of 67,700 carats of raw diamonds worth $66.6 million for sale to this company on an exceptional basis.

Roskomdragmet chairman Ye. M. Bychkov, upon receiving written notice of the Zvezda Urala Company's hard currency indebtedness to the Committee, improperly confirmed the order to release the raw diamonds for sale to the company and also sent a letter to the RF State Customs Committee about completing customs procedures for that company.

It should be noted that Yu. I. Kornilov's son-in-law, a doctor by training, works in that company and just at this time the company bought him a three-room apartment in Moscow worth $115,000.

Yu. I. Kornilov's second son-in-law works as chief of the raw diamond procurement division in the Smaragd Company. For more than a year now it has owed about 15 billion rubles [R] for raw diamonds released for sale by Roskomdragmet. There was also an unlawful release of raw diamonds from the RF State Fund for sale to this company.

As of 1 June 1995 Golden ADA Inc. had failed to repay $171.6 million. Nonetheless, the managers of Roskomdragmet have taken no steps to compensate for the loss to the present time.

The analysis made of commissions, official reports, contracts, and other documents testifies to a precisely planned operation to transfer state capital abroad and the organizers of the operation were B. G. Fedorov, Ye. M. Bychkov, I. D. Moskovskiy, and a number of other important officials at Roskomdragmet.

This report is made on an informational basis. The final materials on the results of the audit will be submitted in July 1995 after the audit is complete.

[Signed] V. Ya. Zaytsev, chief of the Control Administration of the RF president

[Dated] 7 June 1995

The self-appointed leaders, idiots, and crooks who have made our great Russia miserable and powerless have assumed the right to speak on Russia's behalf. "All hail, Russia!" "Forward Russia!" "Russia Is Our Home!" But it will not always be this way. Remember, you "housebreakers!" your home is Lefortovo! Sooner or later you will return the stolen wealth to the people.

*Rules for Determining Secrecy of Information Issued

*Decree Confirming Rules

954E1407A Moscow ROSSIYSKAYA GAZETA in Russian 14 Sep 95 p 3

["Decree of the Government of the Russian Federation of September 4, 1995, No. 870, City of Moscow: On Confirmation of the Rules for Issuing Information Which Constitutes a State Secret, for Various Levels of Secrecy"]

[FBIS Translated Text] In accordance with the Law of the Russian Federation "On the State Secret," the Government of the Russian Federation decrees:

To confirm the Rules for Issuing Information Which Constitutes a State Secret, for Various Levels of Secrecy."

Chairman of the Government of the Russian Federation

V. CHERNOMYRDIN

*Text of Rules

954E1407B Moscow ROSSIYSKAYA GAZETA in Russian 14 Sep 95 p 3

["Rules for Issuing Information Which Constitutes a State Secret, for Various Levels of Secrecy"]

1. These Rules were developed in accordance with the Law of the Russian Federation "On the State Secret," and must be complied with by organs of state government, the heads of which are vested with the authority to issue information relating to state secrets, during the development by them of a detailed list of information subject to secret restriction (further referred to as "list"), as well as other organs of state government, organs of local self-administration, enterprises, institutions and organizations in the preparation of proposals for including in the list information of which they are the owners.

2. The list must determine the level of secrecy of specific information (groups of information), and its structure must take into consideration departmental or branch specifics.

The level of secrecy of information which constitutes a state secret must correspond with the level of gravity of the damage that could be inflicted upon the security of the Russian Federation as a consequence of dissemination of the indicated information.

Quantitative and qualitative indicators of the damage to the security of the Russian Federation are determined in accordance with normative-methodological documents confirmed by the leading organs of state government, which possess the authority to issue information relating to state secrets, and are approved by the Inter-Departmental Commission on the Protection of State Secrets (further referred to as "Inter-Departmental Commission)"

Delimitation among organs of state government of the authority to command information which constitutes state secrets is determined by the List of information relating to state secrets that is published in the open press.

3. Information relating to state secrets, depending on the level of secrecy, is subdivided into information of special importance, completely secret and secret.

Information of special importance should be applied to information in the area of military, foreign policy, economic, scientific-technical, intelligence, counterintelligence and operative-search operations, the dissemination of which could inflict damage upon the interests of the Russian Federation in one or several of the areas listed.

Completely secret information should be applied to information in the area of military, foreign policy, economic, scientific-technical, intelligence, counterintelligence and operative-search operations, the dissemination of which could inflict damage upon the interests of ministries (departments) or branches of the economy of the Russian Federation in one or several of the areas listed.

Secret information should apply to all other information included in the list of information which constitutes a state secret. In this case, damage to the security of the Russian Federation is considered damage inflicted upon the interests of enterprises, institutions or organizations in the military, foreign policy, economic, scientific-technical, intelligence, counter-intelligence or operative-search operations.

4. The heads of organs of state government possessing the authority to issue information relating to state secrets are organizing the list's development and bear personal responsibility for the decisions they make concerning the expediency of issuing specific information relating to state secrets. In order to develop a draft list, an expert commission is being created, the membership of which includes specialists competent in working with information which constitutes state secrets.

In order to develop a draft list, an expert commission is being created, the membership of which includes specialists competent in working with information which constitutes state secrets.

In the course of preparing a draft list, expert commissions, in accordance with the principles of imposing secret restrictions on information that were established by the Law of the Russian Federation "On the State Secret," are conducting an analysis of all types of operations performed by the corresponding organs of state government, enterprises, institutions and organizations, with the goal of ascertaining the information, the dissemination of which could inflict damage upon the security of the Russian Federation. Reason for the necessity of issuing information relating to state secrets with indication of the level of secrecy are provided by the owners of that information, and documented in the form of proposals for inclusion in the draft of the corresponding list.

The level of secrecy of information located in the possession of several organs of state government is established based on a mutual agreement between them.

The list may include information that was obtained (developed) by other organs of state government, organs of local self-administration, enterprises, institutions, organizations or citizens who are not subordinate to the head of the organ of state government which confirms the list. The level of secrecy of such information is established based on an agreement between the organ of state government that develops the list and the owner of the information.

The draft list developed by an expert commission is presented for confirmation to the head of the organ of state government possessing the authority to issue information relating to state secrets, who will also decide the question of the expedience of placing the list, itself, under secret restriction.

Confirmed lists are dispatched to the Inter-Departmental Commission, with the goal of coordinating the protection of state secrets.

5. After confirmation:

the full lists or relevant portions are furnished to interested organs of state government;

the relevant portions of the list as determined by the official person who confirmed the list are furnished to enterprises, institutions and organizations operating under the jurisdiction of the organs of the state authorities;

the relevant portions of the list as determined by the party who ordered the operations are furnished to enterprises, institutions and organizations participating in joint operations.

6. The lists are reexamined if necessary (with changes in the international situation, the conclusion of international treaties by the Russian Federation, the transfer of information which constitutes a state secret to other states, the appearance of new achievements in the fields of science and technology, and so forth), but no earlier than five years later.

Reexamination of the lists takes place according to the same procedure as does their development.

Proposals for making additions and amendments to the lists are dispatched to the heads of the organs of state government that confirmed the lists, who are obligated to organize an expert examination of the proposals received and make the appropriate decision within three months.

If acceptance of the indicated proposals gives rise to a change in the List of information relating to state secrets, the heads of the organs of state government send a draft of the corresponding decision with substantiation to the Inter-Departmental Commission for an expert assessment and adoption of the decision.

*** The functions of the Inter-Departmental Commission on the Protection of State Secrets, in accordance with the Edict of the president of the Russian Federation of March 30, 1994, No. 514, are temporarily entrusted to the State Technical Commission of the president of the Russian Federation.**

Military & Space Issues

*Military Election Preferences Reviewed

954F3449A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 1 Sep 95 p 5

[Unattributed article republished in condensed form from NOVOYE VREMYA: "Military Personnel Live in Hopes of a 'Strong Hand'"]

[FBIS Translated Text] Today in Russia approximately 106-110 million citizens have the right to vote. They can be divided up the old-fashioned way—according to class—or they can be divided according to ideological sympathies: democrats, communists, nationalists.

Few people recognize that nearly 50 percent of the Russian electorate consists of voters who are directly or indirectly united by what one might call a defense world view. These are those who in one way or another are related to the army or military-industrial complex. There are more than 40 million of these people. Who are they? They are:

—military personnel performing regular or temporary service, and civilian personnel—1,800,000;

—members of the families of military personnel, their parents, and relatives—about 7 million;
—the employees of enterprises in the military-industrial complex, military research institutes and design bureaus, and the members of their families—7-9 million;
—military pensioners and their family members (veterans of the Great Patriotic War and other wars and of the Armed Forces)—20-21 million;
—Russian Cossacks—about 2 million.

Personnel of the other "force" services—the MVD, FSB [Federal Security Service], FAPSI [Federal Government Communications and Information Agency] and the Federal Border Service—could potentially provide another 10-15 million ballots. Even if one supposes that just half of the "members of the force electorate" vote, 20-22.5 million votes can play a decisive role in the fate of parties, movements, factions, and individual politicians.

Moreover, the military electorate, by virtue of its corporate psychology (discipline, subordination, etc.) has always been distinguished by a high voter turnout.

How Do Military Personnel Regard the Party of Power?

Military personnel consider the Russia Is Our Home bloc a government party, the party of bureaucrats and the new Russian bourgeoisie. Military personnel do not like the government, since the Army has continued to deteriorate under it.

Under the Chernomyrdin government, the financing of the Armed Forces has been drastically reduced, which has affected the forces' military readiness and the state's national security. On average, military training plans are being fulfilled by only 30-40 percent. The level of material and technical supply of the forces has never been so low as in 1993-1995. The reform is marking time.

The manpower level of the Army has dropped to the crisis point, and the amendments to the Law on Military Obligation passed at the initiative of the government have increased the number of inductees by only 8-10 percent.

Because of the lack of adequate financing, the government's attempt to introduce contract service has not produced results.

The outflow of officers continues. In the 1992-1995 period about 400,000 officers have been discharged from the ground forces alone, more than half of whom were under 30 years old.

In practically every arm of the Armed Forces the rate of receipt of new types of weapons and military hardware has dropped to 20 percent (in the United States that rate is 50 percent and still rising). Nearly all the programs that have been adopted for rearming the Army have failed to be fulfilled. The drastic cutback in scientific, experimental, and design work has resulted in a situation in which Russia has started to lag 10-15 years behind the leading NATO countries.

The decision to resolve the conflict with Chechnya by force was taken under the Chernomyrdin government, a decision for which the Army paid with nearly 2,000 of its soldiers' and officers' lives (and another 7,000 wounded and maimed). Now it is Chernomyrdin who has initiated peace talks with Dudayev. The military personnel react harshly: "What did we fight for and in the name of what were our comrades killed?"

Will Zhirinovskiy Become Commander in Chief?

Vladimir Zhirinovskiy, the leader of the Liberal Democratic Party of Russia, has demonstrated the art of winning the sympathy of military personnel. Zhirinovskiy is possibly the only one of Russia's best-known politicians who began his election campaign immediately after becoming a member of the present parliament. At first, knowing the military's unfriendly attitude toward the minister of defense, he actively advocated the removal of Pavel Grachev from the office, but then he drastically changed his tactics and became his zealous supporter.

There are numerous curious moments in "Army-Zhirinovskiy" relations. Vladimir Volfovich regularly receives birthday greetings from Grachev. He received the rank of lieutenant colonel in the reserves on Grachev's orders. Generals on the General Staff held active consultations with Zhirinovskiy during the recent discussion of amendments to the law on military service. He supported Grachev's actions in Chechnya and was the only politician to congratulate military pilots on their successful bombing of Afghan bands on the Tajik border. Zhirinovskiy opposed the discharge of the minister of defense during the recent vote in parliament. Back in February 1995 the Ministry of Defense received a "Message From the Chairman of the LDPR to the Personnel of RF Armed Forces." It promised military personnel to finally and permanently eliminate, within one year, such a disgraceful phenomenon as officers and warrant officers without quarters, and to substantially raise (threefold) the pay of military personnel, the average level of which was supposed to be no less than $600-$700, U.S., and to grant officers the right to freely bear firearms.

Russia's Choice, But Not the Army's

In the previous parliamentary elections the Army openly voted down the presidential party, Russia's Choice, giving more than 60 percent of its vote to Zhirinovskiy. What can Russia's Choice expect from the Army in December 1995?

In one interview Sergey Yushenkov (Russia's Democratic Choice), chairman of the State Duma Defense Committee, assessed the possible results of the December elections as follows:

"I think that the generals will, by and large, vote for Zhirinovskiy and the communists. If one looks at the other officers, the palette is highly mixed. As for the soldiers, a great deal depends on where they vote. If it is in closed election districts, the possibility of manipulating election results there will be high, and if they vote in open districts, they will hardly give their votes to those who extended their length of service."

Awaiting a Russian Pinochet

And just how do Yeltsin's chances of receiving a new presidential mandate look? The positive assessment of his performance is on a level of only 6 percent.

What about the other candidates—Yavlinskiy, Zyuganov, Lapshin, Shumeyko and Romanov? Repeated sociological surveys indicate that these leaders' popularity among military personnel is evenly distributed, but among the old guard (veterans of the war, army and military industry, and military pensioners), Zyuganov and Lapshin are the most popular. There they surpass (albeit insignificantly) even Zhirinovskiy, Lebed, and Rutskoy. The prestige of Stanislav Govorukhin, a leader of the Democratic Party of Russia, and Sergey Glazyev, that party's chairman, has been rising dynamically.

The same question was answered simultaneously by 3,000 military personnel: "What is the main quality that Russia's future president should possess?" Of those questioned, 81 percent gave almost the same answer: "The ability to impose order in the country." Accustomed to organization, the Army lives in hopes of a strong hand.

Regional Affairs

*Law Delimiting Center, Regional Powers Rejected By Duma

954E1408A Moscow ROSSIYSKAYA GAZETA in Russian 12 Sep 95 p 2

[Recorded by Tatyana Shutova, under "Government and Law" rubric: "Rules of the Game the Same, but Everyone Has Different Trumps: How Can We Delimit Power Between the Center and the Regions! An Attempt To Do This Through Law Defeated by Deputies"]

[FBIS Translated Text] **Recently, a Treaty was signed between the Russian Federation and the Republic of Buryatiya. Buryatiya is the sixth Federation subject after Tatarstan, Bashkortostan, Kabardino-Balkariya, North Osetiya-Alanka and the Republic of Sakha (Yakutiya), with whom subjects of jurisdiction and authority are delimited in accordance with the RF Constitution. Aleksandr KOTENKOV, RF deputy minister of nationality affairs and regional policy, tells us about it.**

Close to a month ago, the State Duma, with a decisive majority of votes, rejected a draft law on the procedure and principles for delimiting subjects of jurisdiction and authority between federal organs of state government and Federation subjects' organs of state government. In doing so, the State Duma rejected both the draft law introduced by the president and the draft law prepared by a group of deputies.

The main conclusion of opponents to the law was that it could allegedly whip up separatist tendencies and, consequently, bring with it the threat of Russia's collapse. In expressing this, the deputies referred to the treaties concluded with Tatarstan and Bashkortostan, certain paragraphs of which indeed do not comply with Russian law. But does this mean that the deputies are right?

Most of all, I would like to observe that the lack of a federal law regulating the important process of forming a federation causes more harm than does the existence of what may be an incomplete law in this sphere. Besides this, article 11 of the RF Constitution, which is a normative act of direct action, contains a statute that delimits the subjects of jurisdiction by treaties. In other words, the treaty process is natural, and it is impossible to stop it without changing the Constitution.

The goal of the draft law that was rejected by the State Duma was to steer the process into normal channels in order to avoid the costs that the deputies, themselves, fear. The law would permit us not only to not admit future violations of the law, but would also bring already signed treaties into compliance with it. So the treaty process is constitutional. But why must it be delimited?

I will remind you that the RF Constitution establishes two types of subjects of jurisdiction: subjects of jurisdiction of the Russian Federation and subjects of joint jurisdiction between the RF and its subjects. As a rule, subjects of joint jurisdiction would include those issues that the Federation subject can and should resolve independently. However, here, all the same, general "game rules" must be established that are the same for all Federation subjects.

The most obvious example is issues of eduction. Every subject can organize instruction independently. But there must be a single eduction standard in the country, a single certification of eduction so that one received, let's say, in Kamchatka would also be accepted in Kaliningrad Oblast. This type of single educational standard should also establish federal organs for all subjects. In other words, federal organs establish the basic rules, and the subjects "play" by them.

Of course, if our Federation were homogeneous, consisting of subjects that were equivalent in geographic location, climatic and demographic conditions, authority could be established by federal laws without any kind of differentiation. But the subjects are extremely unequal in their capabilities, and this means that they cannot wield their authority to an equal extent. I will emphasize that within the framework of their rights they are equal, but they differ in their capabilities, and for this reason they, themselves, must determine what will "be OK."

It would seem that it would be simpler to delimit authority through federal laws and not by treaty. But look, article 72 of the RF Constitution, alone, stipulates 35 subjects of joint jurisdiction. If one takes into consideration the "fork" in the sum of powers that we spoke of earlier, we would need to adopt a separate law, maybe more than one, for almost every subject. However, the legislative process moves very slowly, and organs of state government in the subjects need authority right now.

It works out that the federal organs are no longer utilizing the authority that once belonged to the central government, while the subjects still do not possess that authority. The case that Gennadiy Melikyan, minister of labor, spoke of recently can serve as an example of this kind of "stagnation of power." He was at one of the military-industrial complex enterprises which, in his words, was "lying on its back;" the workers hadn't received their salaries in months. While the director was rewarding himself with a nice sum—120 million rubles. But what can we do? The federal organs no longer control directors' salaries, while the local governments see everything but can't do anything. Remember, we are speaking here not of a private enterprise, but of a state enterprise that is financed by the state budget. So the faster the process of delimitation moves, the more order there will be.

Let's take the environment, which is a sphere of joint jurisdiction. If a subject takes this upon itself and establishes its own rules of ecological safety that differ from those of its neighbors, it would be absurd. What is the law for some would be a violation for others. But as we know, there are no borders for wastes and outflows in nature, and you can't order a metallurgical combine which direction to steam and smoke in.

So a redistribution of subjects of jurisdiction from the center in favor of the regions contradicts the Constitution, itself, and good sense. However, the opposite process does not violate the Constitution. We can't take away from the Federation, but we can add to it without infringing upon the interests of subjects.

Consequently, a "delimitation of subjects of jurisdiction" by treaty could mean only the establishment of additional subjects of joint jurisdiction related to the specific nature of the given subject. One example is, again, Buryatiya, where a special regime for the utilization of natural resources is being established in the Lake Baykal basin. Baykal is not only Russia's, but the world's property, while its specifics concern only Buryatiya and Irkutsk Oblast. Here, they cannot manage without the Federation. Specific concerns of Kaliningrad Oblast are related to the transit of freight through other states. The oblast, itself, is not a subject of international law, and this means that this, too, is a matter of concern for the Federation. And in Krasnodar Kray, a matter of special concern is land use in the Black Sea shore resort zone, the only resort zone of that class now in Russia.

But the drafts were rejected by the deputies, and this has essentially disarmed us. However, work with the subjects continues, and its results show that the Federation's process of self-building is straightening out. Treaties with the Republic of Komi and Krasnodar Kray are ready for signing, work on a treaty with Kaliningrad Oblast is in its final stages.

The treaty process is a kind of "driving belt" for interaction between the center and the regions. Without violating the Constitution, it develops the principles of democratic centralism, strengthens Russia's integrity and raises the responsibility and independence of the regions.

*First Vice Premier Soskovets Visits Irkutsk

954F3450A Irkutsk SOVETSKAYA MOLODEZH in Russian 5 Aug 95 p 1

[Article attributed to newspaper's "own information": "Questions Have Accumulated. Will There Be Answers?"]

[FBIS Translated Text] Today en route from the Far East to Moscow, Oleg Soskovets, first deputy premier of the government, made a stopover for a day in Irkutsk.

Most likely, few people recall when any of the top people in the country's executive branch stopped by to visit us. We went without Ryzhkov, Pavlov, Silyayev, Gaydar, Chernomyrdin—Stop! Now we haven't gone without Soskovets.

Of course, we have not been shaken by explosions and strikes as Maritime Kray has, or by tidal waves and earthquakes as Sakhalin has, but some matters have accumulated for prominent representatives of the Russian top echelons to tackle. Above all, they are matters having to do with the fulfillment of the well-known government decree on Irkutsk Oblast's federal and regional programs. We won't speak about everything, but programs such as the one involving the construction of the Mugunskiy Strip Coal Mine, in order to meet the Far East's need for fuel, ought to be mentioned, or defense industry conversion. It is expected that Oleg Soskovets will visit the Vostok Production Association.

The former Radiopriemnik [Radio Receiver] is holding up fairly well under the retooling of its production from military to civilian. What are the Angar Electrolysis-Chemical Combine, the Irkutsk [words illegible], and aviation plants and others supposed to do without state support?

According to preliminary projections, the high-ranking guest will visit Irkutsk and its surrounding areas all day today at a full working pace. He is supposed to meet with officials of the administration. The words of Irkutsk Oblast's industrialists and entrepreneurs to the activists of the regional branch movement of Russia Is Our Home.

*Directive on Federal Funds For Vladimir Oblast, Commentary

954E1458A Moscow ROSSIYSKAYA GAZETA in Russian 19 Sep 95 p 1

[Directive of the Russian Federation Government, No. 1259-r, dated 9 September 1995, Moscow, accompanied by commentary by Yuriy Vlasov, head of the Vladimir Oblast Administration: "RF Government to Russia's Regions"]

[FBIS Translated Text] **Today we are opening a new rubric, "RF Government to Russia's Regions." The attentive reader may have noticed that in the past few months the heavy flow of documents published in the newspaper has included more and more government decrees and directives providing for the allocation of financial resources for the development of republics, krays and oblasts, for the implementation of large-scale regional projects, and for the subsidizing of regional social, cultural, health-care and other programs. A great deal here comes from a profound understanding of the fact that Russia's destiny and genuine rebirth are possible only on the basis of successes in the socioeconomic development of the regions.**

The editors intend to give greater attention to the life of the Russian provinces. And in the materials published under the new rubric we shall try to tell about the activities of the government and various ministries and departments in providing concrete assistance to the regions. And to show for which purposes, specifically, funds are allocated, and how they are used.

Directive No. 1259-r of the Russian Federation Government, 9 September 1995, Moscow

1. That in the third quarter of 1995, 14.5 billion rubles shall be allocated to the administration of Vladimir Oblast out of funds provided in the federal budget for financing expenditures for operating social-sphere facilities located on the oblast's territory and transferred in 1994 to the jurisdiction of local government bodies.

2. By way of implementing the Russian Federation president's 10 August 1995 Directive No. 374-rp, "On Celebrating the City of Vladimir's Beginning of Its Second Millennium," the administration of Vladimir Oblast shall be authorized to finance expenditures for celebrations to commemorate the city of Vladimir's beginning of its second millennium out of funds allocated in accordance with this directive.

[Signed]Chairman of the Russian Federation Government

Viktor Chermomyrdin

Not a Kopeck of "Holiday Money." Everything for Practical Purposes.—Commentary by Yuriy Vlasov, head of the Vladimir Oblast Administration

There's no hiding the fact that R14.5 billion in government support indisputably made us happy. It has been decided to channel the funds allocated to us into the city budget. We will use them for their specified purpose—to improve the operation of social-sphere facilities. I shall be even more specific. Winter is just around the corner, and therefore the government money will go entirely for preparing the city's operations for winter. We need to store sufficient fuel for central heat and power plants, pay our debts for electric power, and do other work so that Vladimir's residents can get through the winter months without worry.

As for the expenditures mentioned in the government directive for celebrating Vladimir's 1,000th anniversary, I want to do away with all possible misunderstandings, rumors and gossip. Not a ruble of the allocated amount will go to cover expenditures that have already been made. All the celebration activities held in Vladimir—and there were a good many of them—were financed by wealthy sponsors who allocated about R240 million to a celebration fund. Vladimir's residents are sincerely grateful to them.

Yes, the government treasury also had to pay out some money. About 5 billion rubles was spent. But it is difficult to call these outlays unplanned, much less "celebration-related." The money went for improvements to the oblast center and repair of the highway bridge across the Klyazma. In other words, the anniversary simply forced the city authorities to speed up work that would have had to be done sooner or later, anyway.

*Irkutsk Efforts To Woo Japanese, Other Foreign Investors

954E1458B Moscow IZVESTIYA in Russian 15 Sep 95 p 4

[Article by Sergey Agafonov: "Baykal Vodka Is Especially Fine at Presentations in Tokyo"]

[FBIS Translated Text] Tokyo—With a large number of persons sent on business from Russia coming together at the Russian trade mission in Japan, a major activity, the presentation of Irkutsk Oblast, was recently held in the Japanese capital.

For two days the high-ranking Irkutsk guests told the Japanese who had been invited to the occasion in detail about their "little homeland," making no secret of all the indisputable virtues that the glorious region possesses. Few people not only in Japan but in our country know that things are so remarkable in Irkutsk Oblast, and that is bad on our part.

After all, it turns out that Irkutsk Oblast has already accomplished that which the rest of Russia is striving toward amid such terrible market torments: the economy there has already recovered successfully, and it has been nearly a year since the production slump ended, after which a steady growth in production has occurred for 11 whole months; in the first half of 1995 alone, exports there came to $1.8 billion, which is nearly five percent of total Russian exports and is showering gold on all 2.7 million, without exception, of the fortunate inhabitants of Irkutsk Oblast, which produces nearly 40 percent of Russia's aluminum, 50 percent of its commercial pulp, nearly 20 percent of its commercial timbers, and 10 percent of its plywood.

General democratic elections to local bodies of authority were already held there last year, a mutually advantageous and, in all respects, pleasant division of functions between the Center and the region took place, and the oblast adopted its own constitution; taxes there are collected without fail, and the treasury is allocated its due, which makes the oblast a major (more than a trillion rubles) donor to the federal budget.

The oblast has more than 200 joint ventures involving foreign capital, not one of which exists solely on paper, and in terms of its degree of attractiveness for foreign investments (it turns out that there is such a figure calculated by the Russian Ministry of Economics), the oblast has leapt from 52nd to fifth place in Russia and is on the verge of moving into first, when major new investments ($1.5 billion) that are already on the way pour into the "land of Baykalia."

In the oblast, moreover, there is a huge surplus of electric power, which has simply nowhere to go, the assembly of motor vehicles will soon begin, gas pipelines running beyond the far horizon to Mongolia, China and Korea will glimmer under the Baykal sun, and the Turks from the South will soon "restore" obsolete Siberian production facilities, which will give everyone new prospects. There you have Irkutsk Oblast, the most prosperous oblast in Russia. Hurrah!

After the "hurrah," however, it turned out that all of the unquestionably truthful information presented in the genre of the toast to the Japanese audience by the organizers of the event looks somewhat different in another, calmer genre—that of the business discussion. Judging from the three volumes of investment projects (total number, around 60) that the high-ranking delegation brought with it for presentation, there is a certain gap, to put it mildly, between prospects and realities. At least, all of that which has been enumerated above that is biggest and most impressive still remains to be done, if a worthy foreign partner can be found with good money and faith in the honored place that Irkutsk Oblast holds on the scale of investment attractiveness. That pertains to the assembly of motor vehicles, to the silvery gas pipelines, to the Turks from the South, and to the $1.5 billion in investments (they are supposed to come but so far simply are not coming for mining gold in Sukhoy Log and for development of the Kovytkinskiy gas condensate deposit).

As it turned out, the Tokyo presentation was just a stage in the extensive presentation activity in which the oblast's leadership and business circles, who regularly leave the homeland to give picturesque accounts of it to foreign audiences, are sincerely and deeply involved—before Japan, analogous activities were carried out in China and Korea, and after Japan there will be Austria, so the well published presentation materials printed in English have, as it were, a multipurpose use, since English is an international language and materials once printed can be used to journey for a long time and in good order to many countries.

During the inevitable clarifications that were made during the real business discussion, the sources of Irkutsk's successes in raising exports were also made fairly clear: despite the fact that the oblast's list of exports includes 150 different items, the lion's share of exports are accounted for by the invariable timber, aluminum, lumber and pulp. Among the 200 declared joint ventures, one-third are still in the development stage, that is, are producing nothing, and most of the rest are engaged in wood processing (one in three), while the total portfolio of investments in Irkutsk joint ventures is rather modest—about $100 million for all of them, and this sum is by no means evenly distributed, since 80 percent of the output produced at joint ventures comes from two enterprises (and both are joint ventures with the Japanese) for cutting timber and producing lumber.

These clarifications made in the course of discussions palpably calmed the Japanese audience, some of whom, out of ignorance, had already begun to get agitated at the thought that they had "overlooked" a new investment Klondike in Irkutsk's expanses. After that, the questions raised were not so much practical as theoretical, and Irkutsk enterprises' answers to them merit attention. Thus, for example, in speaking about guarantees for foreign investments in the oblast, the Russian guests developed in their explanations a whole system of protections wherein—in word—federal, oblast and local protective measures harmoniously coexist in the form of laws, instructions, the Irkutsk Oblast Constitution, and the chief guarantor (this is a quote from the speeches)—the oblast governor, who is a member of the Presidential Council and close to Yeltsin and, therefore, capable of a great deal.

The presentation was crowned with a big reception, which was attended chiefly by Russian citizens, along with a few rare Japanese. This imbalance bothered no one—-the Baykal vodka and the purest water, bottled with foreign help, from the depths of Baykal were still fine. And the presentation, as always, had gone successfully—they could keep traveling with Irkutsk tales of production victories, with the governor-guarantor of investments, and with the ever-present three volumes, which, incidentally, had undergone expert review by prestigious international organizations. Bon voyage, fellow countrymen!

*Plight of Russians in Caucasus Viewed

954F3465A Moscow SOVETSKAYA ROSSIYA in Russian 12 Sep 95 p 3

[Interview with V. Loginov, member of Abkhazia's parliament, chairman of the local Russian community, scientist specializing in the Caucasus, conducted by Sergey Ivanov; place and date not given: "Second Blockade"]

[FBIS Translated Text] **When in a hot spot shots cease, journalists' interest in this region drops immediately. Abkhazia is gradually disappearing from newspaper pages. Meanwhile, even at present no fewer people die there than during a war—hunger kills them. And, as always, death due to hunger gathers the largest number of victims among the Russian population.**

V. Loginov, member of Abkhazia's parliament, chairman of the local Russian community, scientist specializing in the Caucasus, discusses the fate of the Russian man in the Caucasus.

[Loginov] Russians now outstrip all the other nations of the world in the number of their compatriots living in foreign countries. After the breakup of the USSR more than 30 million ethnic Russians remained abroad and are there now in the most disastrous situation.

The unenviable Russian fate in the outlying districts of the Soviet Union had its origin in the 1922 Law on the Indigenization of Local Authority. According to it, the party elite and, consequently, the trade and economic stratum were formed in the periphery on the basis of nationality from representatives of so-called "indigenous nationalities." Subsequently, affiliation with an indigenous nationality became an indispensable condition for entry into power in all the Union republics. Need one be surprised that nowadays ethnocratic regimes based on open discrimination of the Russian part of the population emerge there so easily?

The migration of Russians began with the industrialization of national outlying districts. Such a situation was consolidated finally during the Great Patriotic War, when higher educational institutions, scientific centers, and plants together with Russian engineers and workers moved to the country's east. At the same time, the Union budget was redistributed in favor of national republics through the deprivation of Russian oblasts of their share. For example, Krasnodar Kray, according to its proportion in the production of agricultural products, surpassed Georgia sixfold and received sixfold fewer funds from the state budget for the development of culture, education, and the infrastructure.

[Ivanov] However, the present difficult situation of our compatriots in the Caucasus is determined not only by the "difficult legacy of the past." Apparently, there are also other reasons.

[Loginov] Yes, in the Caucasus the new state borders often do not correspond to geopolitical borders, which divide regions historically gravitating toward various centers. In particular, traditional trade relations and transport artels connect Azerbaijan and the western part of Georgia with the Caspian Sea basin. Even the Iranian name of Georgia—Gurgen—or the Turkish name—Gyurdzhistan (Country of Wolves)—in essence, are synonyms of Kakhetia alone, that is, of central and western oblasts together with Tbilisi. Historically, they have always been oriented toward Iran and Turkey. But Abkhazia, Ajaria, and Mingrelia, in their geopolitical position, belong to countries of the Black Sea basin and Russia was always the natural ally and trade partner for them. Therefore, throughout centuries the Caucasus was an arena of rivalry, on the one hand, of Russia and, on the other, of Iran and Turkey, behind the back of which Germany and Great Britain stood.

[Ivanov] That is, the fire in the Caucasus has an ancient prehistory?

[Loginov] Yes, the plans, which Western powers hatched as long ago as the last century, are simply being realized here today.

A small excursion into history. In 1854 Lord Palmerston, England's prime minister, openly wrote in the newspaper TIMES: "My cherished aim in the war begun against Russia is as follows: To give Aland Islands and Finland back to Sweden, to give part of Russia's provinces near the Baltic Sea back to Prussia, to restore Poland's independence as a barrier between Germany and Russia, to give Moldavia, Valakhia, and the mouth of the Danube to Austria, to give the Crimea and Georgia back to Turkey, and to make Cherkessia either independent, or to place it under the sultan's sovereignty."

Plans for the organization of a number of principalities—Cherkessia, Mingrelia, Guria, Imeretia, and Armenia—in the Caucasus under the protectorate of England and Turkey became widespread in the British press of that time. At that time the newspaper TIMES drew Russia's borders to the north from the Terek and the Kuban. The same claims were also resumed during the Russian-Turkish war of 1877-1878 and later, during World War I and the revolution.

When the civil war blazed in our country, a plan for the placement of Ukraine, New Russia, and the Crimea under the authority of French occupation forces and of the Don, the Caucasus, and Central Asia, under the British occupation appeared in the West. In the south these plans ended with the sinking of the Black Sea Fleet, which German Ukraine had already agreed to give back to German occupation forces.

At that time W. Churchill wrote that broken up Russia would pose a lesser threat for the future peace of all countries than the vast centralized tsarist monarchy. "Precisely owing to the critical situation, in which all of Russia's political parties and military forces are, the convenient moment came to give events such a turn through a wise application of the allies' policy," this pillar of democracy wrote in 1919.

Is it not true that a reference to the distant past also seems quite appropriate nowadays, when one reads such revelations? After all, our country now holds in the Caucasus the same geopolitical positions as after World War I. I would like to recall that in 1918-1921, after the Bolsheviks surrendered their positions in the region, there and then the Caucasus was occupied by German troops and under their bayonets the birth of new "independent" states—Georgia, Azerbaijan, and Armenia—was proclaimed.

[Ivanov] Whose side do local Russians support in the present conflicts in the Caucasus?

[Loginov] Please pay attention, all the armed conflicts in our country in the last few years arose between the former Union republic and its constituent autonomous formations, be it an autonomous republic, like South Ossetia or Abkhazia, or an autonomous oblast, like Karabakh. Russians held a dissimilar position in these two types of republics—Union and autonomous. In the first case representatives of so-called title nations, that is, nations, after which a Union republic was named, for example, Georgians in Georgia, Lithuanians in Lithuania, and so forth, received all the advantages. Things were different in former autonomies. Here the Russian population was not subject to restriction on the part of the authorities of autonomies—they themselves suffered from the pressure of the republic center. For example, in Abkhazia all nations, including Abkhazians, felt Tbilisi's heavy hand to an equal degree. Therefore, the Russian population in Abkhazia, Ajaria, Ossetia, or Karabakh supported the aspiration of autonomies for state independence. In Abkhazia during the war local Russians even formed a Slavic battalion.

[Ivanov] According to you, an impression is created that a full harmony between Russians and the local population has been reached in Abkhazia.

[Loginov] Of course, not, many problems still remain. However, our republic can fully become a place where Russians will organically blend with local society. First, a foreign language environment is absent here: Seventy-eight percent of the local population names Russian as its first or second native tongue. Great religious tolerance is characteristic of local society. Often in one family Christianity and Islam peacefully get along with the vestiges of pagan beliefs. Finally, the republic's leadership aims at a rapprochement with Russia and often has turned to Russian authorities with the request to accept Abkhazia as part of the Russian state.

However, along with this, purely Caucasian factors, which complicate Russians' life, still remain. First of all, Russian communities in the Caucasus do not have initial capital. We have conducted an investigation and clarified that 70 out of 100 Abkhazia's richest people are Georgians, who are followed by 20 Abkhazians, six Armenians, three Greeks, one Jew, and not a single Russian!

Another weakness lies in the fact that one will not find compact Russian settlements here, although there are purely Georgian or Armenian villages. Therefore, Russians often become an easy prey for marauders. This is now quite a real danger, when the region is troubled by wars and authorities often are powerless to protect citizens. Then people begin to arm themselves. In the Caucasus it is a rare family that does not keep arms. In Nazran until recently submachine guns were openly sold at the bazaar and grenades and cartridges lay on counters in piles near fruits. However, a submachine gun costs up to 1,000 dollars—a sum inaccessible for Russians.

It must be taken into consideration that Caucasian society preserves the clan and tribal organization and this means that concern and assistance on the part of kinsmen are still guaranteed for every local resident. However, Russians are deprived of this.

Sociological research conducted by the Russian community has shown that before the war the republic's rich people from their income every month spent approximately equal sums both on entertainment and on help for the poor. Expenditures on charity were distributed in decreasing order: At first to one's closest relatives, then to members of one's clan, next to persons of one's nationality, and only 4 percent of all the funds for charity were spent on the poor without a distinction of nationality. It is obvious that poor Russians could count only on these crumbs.

[Ivanov] You are talking about prewar times, but on what has the population lived after the war?

[Loginov] Judge for yourself. In our country a pension now is 2,500 rubles and even this money is hardly paid. With it it is possible to buy two or three loaves of bread, or 0.5 kg meat, and that's all! Nor are wages paid. However, in a postwar country not so much money as product rations are of importance. For example, in half a year workers at the republic sanitary and epidemiological station received 5,000 rubles and, in addition, humanitarian assistance in the following amounts: 1.5 to 2 kg of hulled and rolled products, the same amount of sugar, 1 kg of vermicelli, and several packages of soup.

Under such conditions those who have a farm or relatives in rural areas survive. However, the trouble is that Russians in national outlying districts formed an exclusively urban population and that is why they are now doomed to extinction.

[Ivanov] Apparently, however, the Russian Government did not abandon its compatriots in trouble abroad?

[Loginov] If we compare the assistance received by other communities from their country and the pitiful crumbs, which Russians get from their homeland, the comparison will be simply humiliating for a great power. Last month alone Greece sent 47 tonnes of food to its fellow-tribesmen, while during the first half a year after the war Abkhazia's Russian community received only 13 tonnes, and even this was collected by the Sochi Red Cross.

Products for old Russian people, who, as fate would have it, live out their days in Abkhazia, arrive from St. Petersburg from the local Abkhazian community "Apsna," but official Russian authorities, instead of assistance, impose a blockade on our republic. A simply phantasmagoric situation arose: The Abkhazians themselves collect money and food for starving Russian war veterans, but the Russian custom house does not give the go-ahead for the transportation of what was collected across the border. Thus, our old men, defenders of Leningrad, at Moscow's will are living through the second blockade in their life.

Our "Slavic House" community was conceived, first of all, as a cultural association. However, the course of events forces us to engage in other things as well. We search for apartments for those who have remained without a roof after the war, help the sick and those who have become weak from hunger, and find relatives of children who lost their parents and of old people deprived of breadwinners. We also had to bury the dead. Thus, the community knows the needs and concerns of its members better than state bodies of power and, therefore, the food assistance intended for Abkhazia's Russian residents would reach the addressee much more quickly if it were sent directly to the address of the Russian community.

[Ivanov] However, this is an individual measure, but such a large-scale problem as the situation of Russians abroad also requires a comprehensive solution.

[Loginov] Yes, there is a need for a program for state assistance for Russian communities abroad. First, it should provide for the right to dual citizenship. It is necessary to open Russian embassies or consulates in the former Union republics and, at the same time, representative offices of Russian communities in Moscow. There is also an acute need for the allocation of state interest-free credits directly to Russian communities, not to the states in which they are, as has been the case until now. For example, for the needs of the Russian population Kyrgyzia received from Russia 75 billion rubles and Georgia, 20 billion rubles. However, there are no guarantees that this money is used according to purpose.

Finally, in extreme cases the most favored nation treatment for individuals, organizations, and states infringing on Russians' rights on the territory of the near abroad should be abolished.

*North Caucasus Political, Economic Problems Viewed

954F3424A Moscow ROSSIYSKIYE VESTI in Russian 6 Sep 95 pp 1-2

[Article by Feliks Babitskiy: "North Caucasus: How To Overcome Mountains of Problems"]

[FBIS Translated Text] The North Caucasus today is the main breeding-ground for political instability in Russia. It so irritates politicians and publicists that others (for example, Solzhenitsyn) are proposing to give it "freedom." Here, others, not without some gloating, add: "They'll come crawling back on their bellies!..." This kind of pose only works at meetings. Anyone who has a head on his shoulders has known for a long time that the Caucasus is no obstinate, unfaithful wife whom it's easier to divorce than live with in one home, but a liver, without which you are a corpse, while it without you is a piece of dead flesh. And when the liver has a tumor, it needs an operation, with pain, with blood, with the amputation of affected tissues. What to amputate is another matter. How can we ease the suffering? What course of intensive therapy should be prescribed to restore strength afterwards? And if as an operation we have in mind such unpopular measures as setting up the Ossetians with the Ingush by force or disarming Chechen bands, then the meeting proposed by the president is a post-operative medical consult.

What kind of doctors will gather to give advice?

While, let's get to know them:

The most authoritative of the participants in the coming meeting is Professor Galazov, president of North Ossetiya. Elderly (which is especially valued here), charming, somewhat vain of his conservatism, he is reputed to be the most outstanding diplomat among the North Caucasus leaders. Two factors influence his position—finances and Islam.

The problem is that about 72 percent of his republic's budget comes from federal subsidies. Until recently, the Republic of North Ossetiya stood out among its neighbors for its high-technology industry. Now, all the large enterprises here have either shut down (like the "Kavdolomit" association), or are not functioning at full capacity (like the "Elektro[indistinct]" combine). Nevertheless, as everywhere in the Caucasus, the surplus rural population continues to come like clockwork to Vladikavkaz, counting on finding work here. As a result of the Ossetian-Ingush conflict, the road here has been choked with migrant Ingush. But the situation has grown no better from this, because refugees have begun arriving—who are mainly south Ossetians. In this manner, full economic dependence on Moscow is redoubled with military-political dependence. The Ossetians are the only primarily Christian, Russian Orthodox nation in the North Caucasus. Fear of a complete jihad is not entirely, we will observe, ungrounded—they are fed that with their mother's milk. This was exactly what inspired Ossetian leaders to request protection from the Russian Empire 220 years ago. Grounds for a new conflict with the Islamic world exist even now, in the form of the unregulated problem with Prigorodnyi Rayon, where a bloody tragedy was played out three years ago. On the other hand, the Republic of North Ossetiya has at its disposal an extremely important strategic resource—the Military-Georgian and the Military-Ossetian roads, as well as a developed service infrastructure for Russian Federation armed forces, without which successful operations in Chechnya would be impossible.

This is why Akhsarbek Galazov has always attempted to gain and will continue to attempt to gain for his republic special—more trusting—relations with Moscow. At the same time, with Caucasus leaders he will act as the most active initiator of regional integration in order to win...even greater autonomy from that very Moscow. Finally, it is highly unlikely that he will permit himself to express incorrect sentiments, but this, after all, is why the apparatus exists... To make a long story short, unofficially, Vladikavkaz will try any way it can to convince the federal government that a link exists between Dudayev's bands and official figures in Nazran. The latter is necessary because Moscow is taking a more and more neutral position in the chronic Ossetian-Ingush dispute over Prigorodnyi Rayon.

Ruslan Aushev, president of Ingushetiya—is a new person in politics, and in comparison with his Ossetian colleagues, he is not only young, but relatively inexperienced, as well. A professional military man, he would have more self-confidence in the role of republic leader if he, as before—in the army—received his orders from the "center." At least then he would have been able to call upon them when the numerous clans and groups began pressuring him for the umpteenth time. Unfortunately for him, Ruslan Sultanovich heads the most backward of all the North Caucasus republics. Before the moment that Ingushetiya was named a republic, there were no economic prerequisites for that step. The western regions of the former Chechen-Ingushetiya were an agrarian hinterland. Even the republic's capitol—Nazran—is not a city in the economic sense, but a very large (somewhat smaller than Vladikavkaz) village. The proclamation of Ingush sovereignty was, in many ways, rushed by Dudayev, who didn't want to be responsible for the consequences of the Ossetian-Ingush dispute, but was also attempting to create one more "sanitary cordon" from Russia on its border. Squeezed in between two hotbeds of tension, Ingushetiya suffers from quite catastrophic overpopulation. As a result of military conflicts, the republic's population has nearly doubled due to refugees. In addition, Ingushetiya is a unique Federation subject, with no officially recognized borders at all. This is fraught with new conflicts, as not only the Republic of North Ossetiya's Prigorodnyi Rayon, but Sunzhenskiy and Malobekskiy rayons are somewhat disputed territories. Because of them, at least theoretically, yet another conflict could break out—between the Chechens and the Ingush. Here, it would be even harder for Mr. Aushev to patch things up with Chechnya because until legal government is restored within it, the republic simply does not exist as a subject.

In the meantime, defending en extra scrap of rocky land is hardly a method for resolving the republic's economic problems. The task is much different—to build here, from nothing, a modern, urban civilization. Plans for building a new capitol, an international airport, several large enterprises and even resorts already exist and to some extent are underway. All these plans are united by a common, main idea—a plan for the creation of an Ingushetiya free economic zone. True, "it went smoothly on paper." They say that the competent organs have already been interested in this zone for some time: won't it turn into something like Chechnya? So what, we'll just wait and see. Right now, it's simply impossible to imagine how else Ruslan Aushev's government will be able to deal with the problems that are heaped upon it. After all, it is no secret that 95 percent of the republic's budget consists of federal subsidies. This explains the fact that with relatively tense relations between the Ingush and the Russians, any separatist feeling here is harshly suppressed.

Besides arguments in favor of preserving a free zone, Ruslan Sultanovich, of course, will bring to the impending meeting the main question: when can Ingush refugees finally return to Prigorodniy Rayon and Vladikavkaz? Here, he will constantly confuse such varied concepts as "returning the Ingush to their legal housing" and returning to Ingushetiya its legal territories." Perhaps this is excusable. After all, the entire Ingush nation will indeed be speaking with his lips.

No worse an inheritance from the time of stagnation was left to Valeriy Kokov, president of Kabardino-Balkariya. For now, the republic is staying out of the conflicts. Relations between the three main ethnic groups—Kabardinians, Balkarians and Russians may not be idyllic, but at least there isn't the smell of gun powder in the air. Moreover, stability within the Kabardino-Balkariya Republic allows its leader, himself, to take an active role as peacemaker. This isn't the only time that his administration has provided mediation services for the federal authorities during especially rough times in that same Prigorodnyi Rayon. The fact is that the borders of three republics come together at that spot, something that is visible even in the architecture of nearby villages: the tall houses, like palaces, of the Ingush, and the ground-hugging Ossetian homes, build sturdily from red brick, are neighbors with the gray Kabardinian buildings, crowned by sharply pointed roofs.

Valeriy Mukhamedovich Kokov is known as the most careful and urbane politician in the North Caucasus, a convinced ally of integration among all of the regional elites.

In this, the leaders of Dagestan may be considered like-thinkers. With the single difference that the situation in that republic is much more complicated. It is a conglomerate of not even two, but close to ten often unrelated peoples, not one of which is a titular head or dominant. Moreover, some of them reside not just on Dagestan territory. For example, the Lezgins are a population of both south Dagestan and north Azerbaijan, while the name Chechen-Akins speaks for itself. For this reason, Dudayev has already attempted more than once to draw the republic's population into his criminal machinations, to transform the republic into a kind of bridge between Chechnya and the Muslim East. Among some of the opposition-minded local mountain-dwellers, such goals obviously find support. This is why the information agencies periodically inform us of disturbing news of such things as a caravan with weapons for Dudayev's bands being stopped on Dagestan territory. Naturally, for local ruling circles the question of attaining peace in Chechnya is a question of their own political survival. For this reason, no peacemakers in the North Caucasus are more active. Among the latter, besides Magomed Magomedov, chairman of the republic's State Soviet, it would not be superfluous to name Ramazan Abdulatipov, vice speaker of the Russian Federation Federation Council. It will be interesting to see whether he, too, is invited to the meeting.

As far as Vladimir Khubiyev, the leader of Karachayevo-Cherkesiya, he is over his head in his republic's internal problems. Having been at the summit of the republic's "Olympus" for nearly thirty years, Vladimir Islamovich has not only put down solid roots, but has sent out numerous shoots in the form of his proteges in all the key posts, as well. With him in office, entrance into the republic elite, even for very highly born and authoritative leaders, is extremely difficult, because they all sooner or later find themselves in the political opposition. All of this, saddest of all, nearly spilled over into inter-ethnic conflicts. Interference from the Russian Federation presidential administration was even required to prevent open conflict. However, even now, the situation in the ruling circles does not resemble peace so much as a truce.

It is especially important to mention the positions of the predominantly Russian regions of the Caucasus—Krasnodar and Stavropol krays. The local population has well-founded fears that the Caucasus war will spread. After all, Moscow is far away, while Budennovsk and Mineralnye Vody are right there. And no matter how much Basayev said that he was going to Moscow, it's clear to anyone who has a head on his shoulders that the subversive activity began where it occurred. Citizens' fear is expressed in unconcealed aggression towards all "mustachioed dark-hairs," whom they want sent to Terek, if not beyond. There is already disturbing news about the arrival of the first Chechen refugees from Budennovsk in Nazran. People, in the meantime, not counting on protection from the army or the militia, are demanding that they be armed. Here, the initiator is the Cossack community, towards which the local administration is making active advances. Indeed, the Kremlin might follow its example. In the end, who can guarantee that the weapons will only be used for self-defense, and not for trading or racketeering? The Kuban provides grain to all of Russia. And regions with monopolies on some kind of resource sooner or later display an inclination towards greater autonomy from the "center."

This is the clutch of problems the president and the premier will have to untangle at the meeting they have called of North Caucasus leaders. Indeed, even if they don't succeed in solving the problems at the meeting, but merely say the problems out loud—this would be a victory for them.

Besides this, as the presidential administration has informed us, the meeting on problems of the North Caucasus is assumed to be the first stage of a meeting of the heads of government of Russia, Georgia, Armenia and Azerbaijan. Vladimir Shumeyko, speaker of the RF Federation Council, who is also chairman of the CIS Council of Inter-Parliamentary Assemblies, has announced, in his turn, that on the threshold of this meeting the speakers of parliamennt of the four republics also intend to meet in Saint Petersburg. True, this is no more than his personal initiative, and the question of whether the members of the CIS Inter-Parliamentary Assemblies will meet or not remains an open one. One way or the other, nobody has decided to call the idea of a forum untimely. The fact that participation in it signifies republic leaders' inclination towards further integration, that it is being received with bayonets by local radicals is another matter. In the meantime, elections are coming up soon in the Transcaucasus, and the ruling circles have no reason to tease their electorate.

*Tatarstan Economy Shows Gradual Improvement

954F3504A Kazan IZVESTIYA TATARSTANA in Russian 20 Sep 95 p 2

[Article by Vladimir Dubrovin, under rubric "Statistical Survey": "Signs of Adaptation"]

[FBIS Translated Text] **August was gratifying in that the various kinds of crises that shake up our economy from time to time were augmented by yet another one — the crisis of interbank credit. However, it may be noted that the situation that has developed will not add problems for all the rank-and-file citizens. The commercial banks, as a rule, are uneager to work with individual depositors. It is not worthwhile to upset those who have entrusted their deposits at meager interest to the banks which have been guaranteed state support.**

No special upheavals were observed in the republic's economy either. According to data provided by RT [Republic of Tatarstan] Goskomstat [State Statistics Committee], the situation in industrial production is becoming stabilized. The index of physical volume of industrial production in January-August 1995, as compared with the corresponding level last year, came to 102 percent. August, as compared with August 1994, demonstrated an even greater growth — 106 percent.

Industry

The fuel industry is increasing its volumes. During January-August the production of petroleum increased by 11.7 percent; gas, by 1.2 percent; and the production of gasoline for the chemical industry, by 31.4 percent.

Meanwhile, in the chemical and petrochemical industry in August and since the beginning of the year, the growth with regard to certain types of output has been alternating with a decrease for others. There was an increase in the production of synthetic rubbers (by 90.3 and 35.9 percent), synthetic resins and plastics (by 31.5 and 3.6 percent); industrial carbon (by 22.1 and 53.9 percent); tires for passenger cars (by 46.3 and 33.1 percent); and pipes and parts for pipelines made of thermoplastics (by 3.6 and 39.7 percent). There was a drop in the production of motion-picture film (by 89.1 and 26.7 percent; polymer films (by 67.0 and 43.2 percent); and truck tires (by 29.5 and 23.4 percent) and agricultural machinery (by 38.7 and 52.2 percent).

The production of output in power-engineering machine-building continues to be stable. During the first eight months, as compared with the similar period last year, the production of gas turbines at the "Motorostroitelnoye PO" AO [joint-stock company] increased by 62.5 percent. In the electrical-engineering industry there was an increase in the production of electrical machinery ("Tatelektromash" PO [Production Association]) by 8.6 percent.

The "KamAZ" AO is continuing to reduce the production of trucks. During the first eight months the reduction was 13.2 percent. In addition, there has been an increase in the production of passenger cars; during the same period the increase constituted 74.2 percent. Positive shifts are also being observed in the production of complicated household appliances. As compared with July, in August the average daily production of household clocks ("Chistopolskiy Chasovoy Zavod" AO) increased by 6.7 percent; and household refrigerators ("Zavod imeni Sergo" PO) by 93.2 percent.

At the same time there continues to be a tendency toward the drop in the volumes of production at enterprises in the military-industrial complex. In comparable prices, during January-August, as compared with the similar period last year, the reduction was 19.6 percent.

Construction Complex

The building-materials industry proved to be in a complicated situation. The reduction of the sales market, the shortage of material and technical resources, and the nonpayments predetermined the reduction in the volumes of output in this branch. During the first eight months, as compared with the corresponding period last year, there was a drop in the production of prefabricated reinforced-concrete structurals and parts (by 11.1 percent) and construction brick (by 1.1 percent).

There continues to be a drop in the production of consumer goods. Since the beginning of the year that drop was 16.9 percent (in January-August 1994, 15.3 percent), including nonedible, 16.5 percent (in 1994, 28.6 percent); commodities from light industry, 10.8 percent (in 1994, 37.8 percent); and edible, 17.6 percent (in 1994, 5.6 percent).

There have been prolonged shutdowns of enterprises and individual production entities. This was the reason for the loss of 612,400 man-days, or 11.3 percent of the time-keeping period. Almost 77 percent of the losses are the share of enterprises in machine-building. It is precisely there that the processes of adaptation to the new conditions have been most painful.

The activation of apartment buildings during the first eight months, as compared with the similar period last year, increased by 46.3 percent; apartment buildings with a total area of 257,952 square meters were activated.

As for production capacities, during the first eight months they were not activated.

Agriculture

By September, the harvesting of grain crops and the mowing of sown and natural grasses on the entire territory of the republic was practically completed. The amount of silage laid in is 61 percent more than a year ago, and the amount of fodder root crops, 39 percent more.

At the same time, on the average, the amount of fodder laid in per head of livestock was 16.5 quintals per unit. This is 3.4 quintals per unit less than last year.

As a result of the drought on kolkhozes, sovkhozes, and the new agricultural formations during January-August 1995, as compared with the similar period in 1994, there was a reduction in the production (sale) of livestock and poultry (in live weight) by 24,500 tons (by 17 percent); milk, by 91,700 tons (10 percent); and eggs, by 55.7 million (11 percent).

The sale of livestock and poultry dropped in all rayons other than Alkeyevskiy, Apastovskiy, Menzelinskiy, Novosheshminskiy, and Yutazinskiy. Milk production dropped in 41 rayons.

The slump was chiefiy influenced by the low income rate in the branch, as well as by difficulties with the sale of output. The sale prices, under conditions of the monopolism of the procurement specialists and processors, even with a consideration of subsidies, practically speaking do not guarantee the repayment of expenditures. As a result, the farms are reducing the number of head of livestock. As of 1 September, as compared with the same date last year, the number of cattle at agricultural enterprises dropped by 58,300 head; hogs, by 66,300; sheep and goats, by 158,800; and poultry, by 540,900 head.

Transport

During January-August the volume of shipments by motor enterprises in the republic as compared with the corresponding period last year dropped by 9.6 percent; and freight turnover, by 2.2 percent. There was a reduction, albeit an insignificant one, in the passenger hauls by motor transport (by 0.9 percent).

There continues to be a reduction in the volumes both in the hauling of freight and in the hauling of passengers, by air transport. The hauling of freight as compared with last year's indicator during the first eight months dropped by 59.5 percent; and passengers (including those on through flights), by 13 percent. Passenger turnover dropped by 7.9 percent.

Prices and Income

Traditionally the end of the summer and the beginning of the autumn are marked by the stabilization of prices of edible commodities. The overall growth of prices of these commodities during August was only 0.2 percent.

There was practically no change in the prices of meat and poultry, animal fat, margarine, bread and rolls, and potatoes. A considerable reduction was observed in seasonal output, namely: vegetables, a drop of 23.2 percent; fruit, by 13.9 percent; and an insignificant drop for sausage products (by 0.5 percent). There was a slight rise in the price of vegetable oil and eggs (by 6.3-6.5 percent), hulled and rolled grains, legumes, and salt (5.7-5.8), sugar (3), and milk products (by 1.3 percent).

The cost of the basic food basket of 19 different items as of the end of August, as recomputed for the month (with a consideration of the market) for the republic, as compared with certain cities in Russia, was the following (in rubles):

Tatarstan	1438121	Russia	206242
Kazan	145621	Moscow	248304
Zelenodolsk	143526	St. Petersburg	200995
Naberezhnyye Chelny	154645	Samara	196762
Ufa	171445	Nizhniy Novgorod	176380
Izhevsk	176239	Krasnodar	178819
Ulyanovsk	132088	Krasnoyarsk	237310
Cheboksary	168858		

During August alone, the cost of the basic food basket in the republic dropped by 13.3 percent. For Russia, the indicator of drop was recorded at the level of 2.3 percent.

The population's monetary income in August, according to tentative computations, increased as compared with the similar period last year by a factor of 2.6. On the average per capita of population, that income was 374,600 rubles.

The real disposable monetary income (income minus the mandatory payments, corrected by the consumer-prices index) in August dropped, as compared with the corresponding period in 1994, by 11.6 percent.

An analysis of the value of the living wage in August showed that the influence of the prices of seasonal produce, which influence began in July, promoted the reduction of expenses for nutrition by 3.1 percent. But the rise in the prices and tariffs for certain personal services increased the expenses for them by 1.6 percent. A similar situation is observed with the living wages that have been computed for the individual social and demographic groups, with that living wage being, in August: per able-bodied person, 222,530 rubles; retiree, 151,838 rubles; and children, 176,552 rubles. As compared with July, the value of the PM [living wage] dropped, respectively, by 6.7 and 9.7 percent.

The average wages paid to workers at the republic's major and middle-sized enterprises in July 1995 were 433,500 rubles, or, proceeding from the MMVB [Moscow International Foreign Currency Exchange] rate of exchange, $95.90. As compared with July of last year, it increased by a factor of 2.4, and with June of this year, by a factor of 3.9 percent. Consumer prices of goods and services increased during that period, respectively, by a factor of 3 and by 2.4 percent. The average wages as a whole for the republic guaranteed in July 1.8 living wages, and with a considerable of payments of a social nature, 2.0 (in July 1994, the figures were, respectively 2.5 and 2.7).

Joint Ventures

At this stage in the reform of the Tatarstan economy it is necessary to note the increasing role of enterprises and organizations with the participation of foreign firms (SP [joint ventures]).

As of 1 July 1995, 112 such joint ventures were operating in the republic; data is available for 107 of them (as of 1 July 1994, respectively, 71 and 63). The cofounders are firms from 32 countries in the far and near abroad. The largest number of joint ventures were created with firms from the United States (1119), Germany (12), Turkey (11), Great Britain (8), France (5), Canada and Ukraine (4 each), and Austria, Italy, Slovakia, and Finland (3 each).

The foreign-trade turnover of enterprises and organizations with the participation of foreign firms with regard to direct shipments to the far and near abroad constituted during the half-year $46 million, including export and import, respectively $34.7 million and $11.3 million.

The items predominating in export are monoethyleneglycol (51.6 percent), fuel oil (24.1 percent), polyethylene (9.2), and casein (6.4).

The basic items imported are plastics and articles made from them (34.3 percent), equipment and mechanical devices and parts for them (13.1); articles from ferrous and nonferrous metals (3.6); clothing (4.9); butter (2.7); oils and fats of animal and vegetable origin (2.6); electric machinery, sound-reproducing apparatus (2.5); and furniture (2.2 perc[illegible]). The importing of services constitutes 14.4 percent in the overall structure.

In addition, joint ventures sold goods and services in the domestic market during the first half-year with a value of 206.7 billion rubles.

Finance

There have not been any negative changes noted in the state finances. According to data provided by RT Minfin, as of 1 August 1995 the consolidated RT budget was executed for income in the amount of 3205.8 billion rubles; and for expenses, 3132 billion rubles (with a consideration of the reciprocal settlement with RF Minfin). The proficit (the excess of income over expenses) of the budget was 73.8 billion rubles. During July, the income of the consolidated budget increased by 852.3 billion rubles, and expenses, by 803.6 billion rubles.

As compared with the previous month, the income in July increased by 345.5 billion rubles, or by 68.2 percent, and expenses by 274.5 billion rubles, or by 51.9 percent.

The figures that have been given attest to the fact that, despite the complexities of the transitional period, there has been a gradual adaptation to the market relations both in the individual branches and in the republic's economy as a whole.

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*Kabardino-Balkaria President on Political, Economic Situation

95[illegible]3498A Nalchik KABARDINO-BALKARSKAYA PRAVDA in Russian 19 Sep 95 pp 1-2

[Press-conference statement by V. Kokov, followed by question-and-answer period, under rubric "Press Conference": "Today We Have All the Conditions for Concentrating on Creative Labor"]

[FBIS Translated Text] **Last Saturday a press conference with Valeriy Mukhamedovich Kokov, President of the Kabardino-Balkaria Republic, was held at Government House. It was opened and conducted by V. Zh. Kudayev, head of the President's press service and the KBR [Kabardino-Balkaria Republic] Cabinet of Ministers (Government). He remarked that, unlike previous press conferences, this was the first time that invitations had been issued not only to journalists from official and independent newspapers and from radio and television, but also to the editors in chief of rayon and city newspapers. And that will be standard practice from now on. Which is understandable: who, if not the workers at rayon and city newspapers, feel most closely the pulse of our complicated life in all its manifestations?**

Following the press conference, as frequently happens at meetings with journalists, KBR President V. M. Kokov discussed the republic's socioeconomic and public-political life.

Enterprises Will Start Operating and New Jobs Will Appear

If one speaks about the economic situation in KBR, it can be characterized in comparison with the overall situation in the country as satisfactory.

The rates of rebirth and restoration of industrial production are being preserved. Although we expected that, during the period starting in August and running until the end of the year, we would not be able to maintain the high rates of increase in industrial output ?4at?4ad been set during the beginning of the year — an increase by a factor of 1.5-1.7 — we nevertheless managed to preserve tangible rates.

Currently we are working on two tasks. The first is: in the situation that has developed, we will not be able to restore those production entities which, for various reasons, were shut down. We are placing the emphasis on converting the enterprises that have the necessary material, manpower, and financial resources at their disposal to a continuous work cycle, and therefore today the republic leadership, and in particular the Ministry of Industry and the city and rayon administration heads, are applying all possible efforts to assuring that those enterprises, as a minimum, are converted to two-shift operation and to operating without any days off.

At the same time, we are carrying out work with the Ministry of Labor and Public Employment, the Ministry of Economics, the Ministry of Finance, and a special Governmental commission to ascertain the possibility of creating new jobs at the expense of funds designated for these purposes from the federal budget, not only at enterprises that are in operation or that have been partially shut down, but also at completely new ones. Together with Goskomimushchestvo and its subdivision that engages in problems of bankruptcy, we are currently working to assure a situation in which a number of enterprises that have been hopelessly shut down today will be formalized through the procedure of bankruptcy and the necessary financial-settlement measures will be carried out. All this is supposed to provide us, prior to the end of the year, with an index of increase in industrial production that is greater by a factor of 1.5 than that in 1994.

Volumes of Housing Construction Will Not Be Reduced

It must be stated firmly that today the situation here is worse than last year. Despite all our efforts to mobilize the financial resources to carry out construction, we were unable to resolve in full measure the problem of financing the most important construction projects. Therefore the level of assimilation of capital investments during the past eight months in KBR constituted slightly more thana 80 percent as compared with the corresponding period last year.

Nevertheless in August the KBR Government succeeded finally in coordinating with all the interested organizations the 1995 master list for the construction of projects, and that construction is supposed to exceed in volume last year's level. But the most important thing is that in this overall volume of assimilation of capital investments, the percentage of the funds being channeled into items in the social sphere will be considerably greater than last year.

Whereas during the past eight months the volume of capital investments being assimilated dropped by almost 20 percent, the volume of funds that are being channeled into the construction of housing and other very important items in the social sphere dropped by slightly more than 10 percent. Currently we are undertaking efforts to assure that the items that have been included in the 1995 master list are executed with regard to the volume of construction in conformity with the plans that are being set forth. We intend not to reduce the volumes of the housing construction being activated, including the promised items of housing for those who are currently living, or who used to live, in dormitories in the city of Nalchik, and for the city's teacher groups, as well as for other segments of the population. We shall provide them with housing within the confines of 1995.

In any case, in addition to the task of approving the plans for 1995, we have isolated items that are socially very important and today we have assigned to each of them a republic-level manager, beginning with the Governmental Chairman and ending with managers from various departments. They are supposed to undertake the necessary measures to assure that the volumes of construction in KBR this year are somewhat greater than last year. The total number of important items that have been so designated is more than 30.

To the credit of the construction workers, despite the indebtednesses that we have to them, they are working and carrying out a large physical volume of planned operations. We hope that they will trust us and will do everything possible to maintain the planned construction volumes. We have promised the construction workers that we shall not tolerate any breakdown in the indebtedness with regard to payment of the work executed that extends for more than two months. And that means that we shall fulfill the plans stipulated for construction.

The Question of Bread in the Republic Has Been Resolved Unambiguously

The level of agricultural production during the current year is higher than it was last year. Kabardino-Balkaria will have the largest gross grain harvest in the past five years. We will have more than 550,000 tons of grain. We have had what I consider to be the largest harvest of wheat in the Russian Federation — more than 34 quintals per hectare. That is, the question of bread in our republic has been resolved unambiguously. Moreover, we intend to deliver a considerable volume of grain to neighboring CIS countries in exchange for the goods that we need. Studies are currently under way in this regard for signing treaties.

Intensive work has been carried out and is currently being carried out to lay in supplies of feeds and fodders. The amount that will be laid in by 1 November in KBR will be no less than 1.5 times more than last year. Consequently, the number of head of livestock is being stabilized, and we have the opportunity to increase the number of livestock in all forms of management, including collective, state, and private. There are opportunities for restoring the previous number of head of livestock in KBR.

Wages Will Grow

Despite all the difficulties, we are maintaining the wage growth rates that were established in the Russian Federation. If one divides wages into two components — the wages in the budgetary sphere and the wages of those who are employed in the material sphere, then the gap that we had last year in favor of the workers in the budgetary sphere and nonmaterial production, with regard to the wage level, is becoming smaller. Most of the branches in the material sphere of production today, with regard to the wage level, have improved noticeably. We hope that it will be possible to continue until the end of the year this tendency of state influence upon the level of payment of labor in the material sphere and to reduce that unjustified gap.

As for the wages of workers in the budgetary sphere, increases that are being carried out in the Russian Federation are also being carried out in the republic and, moreover, we intend, without any great delays, to implement the second phase of the wage increase by a factor of 1.54. Effective 1 September of this year we managed to introduce on the entire territory of the KBR a guaranteed minimum wage level of 60,000 rubles. Effective 1 September it was also possible, as result of the beginning of school year, to raise the tariff rates and salaries for all workers in public education by factor of 1.54.

We have noted — and an Edict has already been signed concerning this — that the wages of all other categories of workers in the KBR will be raised by a factor of 1.5, effective 1 November. Why is the effective date 1 November? Because every wage increase is carried out at the expense of the capabilities of the local budget. Unfortunately, the local budget as of today is made up after execution in a serious form. According to computations made by KBR Ministry of Finance, we will have to seek, in order to finance the measures that have been stipulated in 1995, 266 billion rubles in addition to what we have. But that is a task for the Government and the President, and I think that we will be able to cope with it. Of those 266 billion rubles, approximately 140 billion will be used exclusively to increase the wages paid to people who are employed in the budgetary sphere. I can assure the population of KBR that we are fully resolved to cover in full volume all the expenses stipulated by the budget.

Maintaining a Child in a Nursery Will Cost 25,000-27,000 Rubles

August, as should have been the case, passed under the aegis of preparing the republic for the new school year. I can report with a sense of satisfaction that in Kabardino-Balkaria, unlike many regions of the Russian Federation, on 1 September absolutely all the schools opened their doors. Moreover, by 1 September there has finally been a resolution of the question of the functioning of children's preschool institutions.

On 1 September the procedure for transferring absolutely all —or, rather, with few exceptions — the children's preschool institutions to budgetary financing and, consequently, to the public educational system, was completed. It is specifically from 1 September that the KBR Government guarantees to every children's preschool institution charges for maintaining children in them that are no more than 20 percent of the actual expenses there. This is approximately 25,000-27,000 rubles per child. And we shall not allow that payment level to be exceeded in any preschool institution.

We have succeeded, effective 1 September, finally to form a Kabardino-Balkaria Children's Fund from the funds allocated by the RF President. Effective 1 September, the Child's House and all the specialized boarding schools that exist in KBR have been converted to the financing of it on a 100-percent basis. That provides the opportunity to free no less than 7 billion rubles a year to reduce the cost of maintaining children in children's preschool institutions. Therefore it can be said that, on the whole, the preparation for the new school year in KBR proceeded satisfactorily. Nevertheless stern instructions have been issued both to administration heads and to the Ministry of Public Education that all the shortcoming that were noted during the preparation for the new school year in KBR are eliminated by 15 September. By that deadline we intend to complete the procedure for ascertaining and rendering the necessary assistance to school children in especially needy families both with regard to clothing and the complete providing of them with teaching aids and other problems.

Winter Will Not Catch Us Unaware

For the normal operation of the national economy under winter conditions, all the necessary measures are being undertaken. I can state unequivocally that in the KBR everything that is needed will be provided with the necessary amount of fuel. The appropriate decisions have been made by the Government for that purpose. We shall deliver the complete needs for fuel not only to institutions, but also to private owners, of whom there are a rather large number in our republic. We shall do everything possible to assure that there are no interruptions in the operation of public-health institutions, or enterprises of industry. The maximum deadline for executing the measures to prepare the republic for work under winter conditions is 15 October.

If one sums up the results of what has been stated, normal economic and social conditions are developing, and they make it possible for every collective and every able-bodied individual to concentrate on creative labor. Especially since autumn will be here very soon, and it is necessary to do everything possible to assure that, in Kabardino-Balkaria, absolutely all the crops grown have been harvested, down to the last kilogram, that the winter crops have been sown to the last square meter, and that all the autumn-plowing area has been plowed. In a word, we have plenty of work to do.

We Shall Select the Most Worthy

Currently the entire country is in the midst of an election campaign. That campaign cannot fail to affect Kabardino-Balkaria also. But I shall make so bold as to assert that it affects KBR largely to a lesser degree than it does the Russian Federation as a whole and its center. Why? Because today the basic political forces in Kabardino-Balkaria have come to the unambiguous conclusion that we are on the true path of reinforcing the unity of Kabardino-Balkaria and strengthening its authority in the Russian Federation.

All the political forces in the republic converge in this intelligent denominator. In addition, all of them (my conclusion is based on consultations that have been conducted with them) agree that, under the conditions of a single district for the entire republic there is no need for us to establish a competition for candidates whom we would nominate to the State Duma. And the majority of the leading political forces in the KBR (I can already announce this) today are united in that we all will be satisfied if we support the candidacy of V. K. Sokhov to the RF State Duma.

He is a person who has devoted all his conscious life to serving the republic, who enjoys sufficiently high authority in KBR, the rayons, and the Government, who has excellent ties with the federal agencies of the Russian Federation, and who expresses readiness to work genuinely during the forthcoming period for the good not only of the republic, but also of the Homeland in the State Duma.

Therefore the basic political forces, by supporting that candidacy, will of course help to assure that we will succeed in avoiding the dissension that is tearing Kabardino-Balkarian society, which is unfortunately a small one, into pieces.

As for party lists, of course this is a matter for each voter. For your information, we are proponents of continuing the course of the reforms. We have chosen for ourselves as at least the correct one the basic principles in the election program of the "Our home is Russia" bloc. This program contains principles which cannot satisfy Kabardino-Balkaria, but I think that in the course of work we shall succeed in diverting both the Government and the leadership of that movement from two extreme principles that are contained in that program.

For example, the question of ownership of the land. In any case I think that today casting the country into the unknown again or attempting to turn history backward will be very difficult work, and it will not be endurable by Russian society. Therefore we, today's executive system of authority, will support the "Our home is Russia" movement..

There is much that is attractive in the programs of other movements, such as "Women of Russia," the Agrarian Party, and the Communist Party. Therefore, I think, the voter, when approaching the ballot box, will make his intelligent choice in favor of a particular movement.

I would also like to say that we have in mind the combining of the election to the State Duma with the election of our agencies of local self-government.

I have repeatedly said, and will also state now, that we cannot repeat one on one the principle in the RF Constitution concerning the elections to local agencies, and concerning the complete separation of local self-government from the state. At least we cannot, at this stage, move along that path. We have in mind the election of the most worthy, the best people in the villages, settlements, and rayons, and, from among the elected deputies, the appointment of the administration heads and the heads of the executive authority at the level of the village, city, and rayon. And the departure from the splitting into two of the authority at the level of the village, city, and rayon. And to do this to assure that the person to whom the population's trust has been given can manage both the system and the subdivisions of the executive authority in the outlying areas. That will serve the interests of strengthening order and discipline, stabilizing the situation in the republic, and, most importantly, will serve the interests of the rather intensive movement ahead along the path of development of our entire republic. I hope that the deputies to Parliament will have time to enact a law on local self-government, and that we will be able to carry out this election at the proper level.

After that detailed introductory statement by KBR President V. M. Kokov, the journalists changed over to a dialogue with him.

V. Demyanenko, editor of the KOMMUNIST newspaper:

"The situation has developed in the republic when the NDR ["Our home is Russia"] movement, that is headed by the former first administrators of the KBR, will oppose what we might call the new Communists. Won't this opposition develop into an improper struggle between the former and present party comrades.

"It is well known that the NDR bloc is in favor of stability, and of not revising the course of privatization. This is undoubtedly beneficial for those in whose favor that privatization was carried out. I would like to quote the answer given by V. S. Chernomyrdin in this regard: 'If we talk about privatization, there have, of course, been violations. And it is necessary to analyze specifically all of these instances, including through the court. But we cannot allow a new reapportionment of property... etc.' Is there any logic here and how do things stand in this question in the KBR?

"When will the monument to V. I. Lenin be restored?"

It is time for all of us to be aware — both the new Communists, and the Communists in spirit — that we have irrevocably taken the path of democratic reforms. If even one leader or one party today wanted to return society to a country where only one party is in power, that is, one group of people or just one person, then that would be a tragedy for society. It is necessary to look at things realistically. And the Communists, in essence, are supposed to be concerned about man, about his welfare. We must be aware of the reality in which we live, and must not build illusions or carry on a constant struggle for power. Instead, it is necessary to wage the struggle to carry out those reforms that would help every individual, that would prevent the impoverishment of a considerable segment of society, that would not hinder the enrichment of those who are doing this on legal foundations.

I, for example, have stated, and continue to state, that I am in favor of recognizing the reality that we in KBR have not hindered anyone who wants to multiply either his own wealth, or the wealth of the nation of Kabardino-Balkaria. But at the same time, we would not allow anyone in KBR to be poor. Consequently, an effective social policy is necessary. That is what I am in favor of. And I do not think that we will allow an improper struggle with our previous party comrades. We must rejoice that there are a large number of opinions concerning every phenomenon.

With regard to privatization, I might note that the further conducting of it requires adjustment.

I have spoken out, and continue to speak out, in favor of having private ownership of the land in the Russian Federation being extremely limited, if not saying that in the Russian Federation the advantage should be given to the communal forms of use of the land —the most important property of our state. In our republic, however, I shall do everything to assure that Kabardino-Balkarian land never becomes the object of trade. Permanently assigning the land that is located today in individual use in the form of a small garden or homestead is understandable. In perpetuity. With the right of inheritance. Assigning land to the collective of an enterprise that is located on that land, in perpetuity, with the right to transfer it, is understandable. But authorizing the sale of land, converting it into commodity, into an object of speculation, primarily in KBR, is inadmissible. Because we are a multinational republic, and there is no other question that more acutely touches that very delicate national chord as the land question.

Just try today to take ten hectares away from one village and transfer them to another!

We are facing this problem today on two or three farms in the republic. How much time and how many nerves have been expended to find the optimal resolution of these problems, in order to assure that the thoughts of converting land in KBR into an object of trade, that is, into an object of private property, have been rejected?

As for privatization, and the principle that has been stated in the program and also has been expressed by V. S. Chernomyrdin. Of course, the reapportionment of property is an extremely dangerous matter. Perhaps, from this point of view that statement is justified. But property reapportionment that is aimed at restoring justice, at correcting the shortcomings and miscalculations that were allowed to occur at the first stage of privatization is completely justified. And this has to be done.

We in KBR are doing this and will carry it out to completion. A special group has been created at Goskomimushchestvo, which is thoroughly studying all the materials on the privatization of each enterprise. And if we are to speak frankly, we shall pursue one goal — to achieve a situation in which we will not have an enterprise in which as much as 25 percent of the property is not in the hands of the state, in the hands of the entire nation of Kabardino-Balkaria. Consequently, a situation in which, within the foreseeable future, we have preserved the influence on all the enterprises in the republic. Moreover, there are a number of enterprises at which we are not allowing the level of privatization to be higher than 49 percent.

These include, for example, the TVMK, all the processing enterprises, where 60 percent of the property is in the hands of the state.

Therefore the question of the inadmissibility of the reapportionment of property has two sides. One is, not to cast the country into a new confrontation;

and the other is to restore justice wherever mistakes were made. We shall proceed along the second path, despite any obstacles. We shall scrupulously study every enterprise. We shall do everything possible to assure that privatization in the republic occurs primarily in the interests of the labor collectives. And to assure that, as a result of it, the Kabardino-Balkarian authority and the state continue to have certain levers for exerting an effect on those enterprises.

And as for the restoring of the monument to V. I. Lenin. I have mentioned that many times. It was an act of vandalism that, as a whole, did not beautify Kabardino-Balkaria, or, I think, any normal, intelligent person living here. The Government of Kabardino-Balkaria has a great wish to correct that. And so does the President. But they want to do that in such a way that there will not be any excesses, that this will not give rise to new confrontations here. And I think that we shall find normal levers and a normal moment for resolving this problem.

In general, however, we must take the most respectful attitude to all our monuments. To all our monuments. Monuments, as a rule, are the product of the highest respect for a person, whether he be a local hero or a state figure. In the final analysis, this is a monument of architecture and history. And I do not understand a person who attempts to cross out the memory of the past. There have been a number of examples in the history of states where monuments are standing in memory, perhaps, both of beloved and not beloved individuals, and both of outstanding and not outstanding ones. But no one ever got the idea of tearing them down.

On the crest of the wave of the young democracy of Kabardino-Balkaria, certain figures in the patriotic moments tore it down in the crudest manner. And then, unfortunately, we did not have sufficient strength or power to stop that act of vandalism. I think that we shall find both the moment and the levers for the nonconfrontational resolution of this problem.

T. Mashukov, editor in chief of KABARDINO-BALKARSKAYA PRAVDA:

"By Edict of the RF President, dated 22 March 1995, it was decided to form on the territory of KBR the 'Kabardino-Balkaria' free economic zone. What has been done in this direction in the republic? What will this program give to KBR if it is carried out?"

By decree of the RF President, the Government was instructed to form, together with Kabardino-Balkaria, a free economic zone. A three-month deadline was established for us. During those three months the necessary documents were prepared. But, as always happens in such large-scale questions, there have been sides that are in favor of implementing that idea, but also, in addition, there have been rather considerable forces in the person of RF Minfin [Ministry of Finance], which consider that it is unjustified to introduce for any region, taken separately, any special, preferential management conditions. Those are the differences of opinion that we have to overcome during the next three months.

Today the questions that ought to be removed, have been removed at RF Minfin and Minekonomiki [Ministry of Economics] by a group of KBR responsible workers jointly with the institutions that developed the Statute on the "Kabardino-Balkaria" free economic zone. And the documents have been handed over to the Government. Within the next few days, in September, we hope to get the necessary decree concerning the "Kabardino-Balkaria" free zone.

What will this provide? Time will tell. But I can state confidently that as a result of carrying out the management conditions stipulated in our Statute, within the next three years we shall change over as a republic from the category of ones that request, that is, those that operate by subsidy, into the category of those that do not request, but that provide funds into the federal budget. I shall tell you that, unlike the regions that exist in the republic and in the Russian Federation that have accumulated a definite amount of experience in this regard, in our Statute we do not stipulate what could be called the undressing of the RF budget. On the contrary. We propose the search for paths for the efficient interrelation between the federal agencies and the regional ones, between the federal budget and the regional one. And therefore in our decree the words "by way of an experiment" are mentioned twice. Our goal is to become a region that will subsequently make its considerable contribution to the federal budget. In any case, freedom for the broad development of entrepreneurship, and broad economic freedom for the major enterprises which have been preserved today in KBR and, naturally, have begun, and we shall obtain tax and customs benefits as a result of introducing the Statute on the Free Economic Zone.

L. Vindizheva, editor in chief of the ZOLSKIYE VESTI newspaper:

"The population of Zolskiy Rayon does not watch any local television program. It is generally known that both the Government and the Zolskiy Rayon administration are not leaving that question without any attention. Definite funds have already been used. Shouldn't one, in view of the special importance, attach an emergency nature to this item?"

It is possible and necessary. I can state publicly that we shall do everything possible to assure than in 1995 the question of the completely encompassment by television broadcasting for all the residents of Zolskiy Rayon will be removed.

Z. Khadartseva, deputy editor in chief of the GAZETA YUGA newspaper:

"You have said that the basic political forces in the republic decided to support the candidacy of V. K. Sokhov. Would it be possible for you to clarify specifically which forces? The fact of the matter is that a week ago, in an interview with GAZETA YUGA, representatives of the Agrarian Party and the Communists, and representatives of their leadership, emphasized that they would not support the candidate of 'Our home is Russia.'

"And a second question: Can we expect the arrival of B. N. Yeltsin in Nalchik?"

I consider the following to be the political forces that are able to any serious extent to influence the output of the election: the Communist Party, the trade unions, the agrarians, the Union of Industrialists and Entrepreneurs. But, naturally, before making any statement to you to the effect that we are converging on a single candidacy and will not tear apart Kabardino-Balkarian society into large and small groups, I had a discussion with all the heads of those movements. Moreover, we intend to sign a joint statement, if this proves to be possible for me within the near future, in which we would call upon the nation, or, to put it more accurately, the voters of Kabardino-Balkaria, to support the single candidacy. Therefore, if any of the representatives of those parties and movements expresses his opinion independently to a newspaper and subsequently explains that he did that on behalf of the entire party, then that will be on his conscience. My statement is based on consultations and on contacts with those comrades.

And you can judge for yourselves what 450,000-480,000 voters are. Is it worthwhile to subdivide them into four or five groups and organize a political competition here? And what if, God forbid, they elect a person who will not work for the benefit of the republic? After all, we have all been witnesses of how, in our republic during recent years, a large number of deputies who engage not so much in problems affecting the voters of Kabardino-Balkaria as they do in problems of arranging their own personal life. But we need a person who knowledgeably, gradually, calmly, and in a compromising manner with the opposing sides, would resolve our problems in Moscow.

Soon the RF budget will be confirmed, but Kabardino-Balkaria, despite the fact that there exist Edicts of the RF President and repeated decrees by the RF Government, has not entered a single federal program that is being financed in a centralized manner from the RF budget for 1996. Is this really supposed to be concern shown by the deputies who are located there? But such a person as V. K. Sokhov will resolve these problems knowledgeably, since he not only used to head Gosplan, but also is engaged today in problems of economics and finance.

Therefore, I think that we shall succeed to making a joint declaration, and we shall appeal to the intelligence of the nation of Kabardino-Balkaria, which, taken as a whole, is always wiser than any leaders.

As for the possible arrival of B. N. Yeltsin here, I can say that, other than a confidential conversation with him considering that question, there have never been any statements made publicly anywhere. By the efforts of certain journalists, and particularly from Sochi, over the radio and television, we have received reports that a meeting may occur in Nalchik. Yes, we have said that it is possible to hold meetings in Nalchik for the managers of the republics, krays, and oblasts of the North Caucasus and the Trans-Caucasus and that we are capable of creating the necessary conditions for the fruitful holding of that meeting. Obviously he, with his associates, discussed the questions of holding that meeting, and was able to make a statement about that. But as of today I do not have any firm word to the effect that Boris Nikolayevich will be visiting us. If he does arrive, we shall be glad. We shall show him what our life is like. We shall provide him the opportunity to meet with worker collectives and to sense once again what is troubling our worker collectives, but also, most importantly, we shall help him to have a vacation and recreation that he deserves. We shall show him the republic. And that would be beneficial.

S. Gochiyayev, editor of "Kabbalkteleradiokompaniya":

"Our older comrades assert that wherever a nation, over the period of a sufficient period of time, have been living in the same populated place, there is always peace and tranquility. But wherever there are a large number of newcomers, one observes a certain kind of anarchy. Residents of other regions of the countries and the North Caucasus have been moving in large number into our republic, which is rightfully called the calmest in the region. That has begun worrying many of the residents of the republic. I would like to know your opinion about this matter.

"And a second question. The problem of public transportation is one of the most important ones today.

Speaking conventionally, I would say that out of every ten motor buses, only one is in active use on a scheduled run. The others were converted to use as charter or special-run vehicles, etc. long ago. In those buses the fare for all categories of the population without exception is paid in cash. But what are people supposed to do if they socially unprotected, veterans with disabilities, or rehabilitated individuals, that is, many of those people who, according to your Edict, are supposed to be provided with free service?

"And something else. The changeover to so-called airwave broadcasting has 'made it possible' for two-thirds of the population of KBR not to listen to the radio. How do you think this problem should be resolved?"

First, concerning the uncontrolled migration into the republic. We have a decree issued by the republic's Supreme Soviet that has not been repealed and that still have the force of law. We adhere to it. Recently an Edict on the problems of fighting crime was promulgated. One of the paragraphs in that Edict stipulates the complete surveying of every family and the complete providing of internal passports to them. The purpose is to locate any violations of that decree that are occurring, or, to put it directly, any violations of this temporary ban on migration into the republic. On the basis of the results of that inspection, the most decisive steps will be taken to bring about a normal situation with regard to this question. This work will provide us the opportunity not only to introduce order into questions of migration, but should also provide a base for introducing order into the taxing of individuals in KBR. But, most importantly, it will give us the opportunity to evaluate realistically the level of viability of every Kabardino-Balkarian family. In this regard we intend to take the most specific steps to assure the state support of truly needy families. Today the number of such families who have been identified by agencies responsible for the social protection of the population is 40,000, and it is necessary to support them from the state budget.

As for those persons who have had a tragedy — and I have in mind the refugees from the fraternal Chechen Republic, and those who have lost their homes and their loved ones... By the will of fate they have found their way to our republic. No one should complain about that. We shall maintain them until a place has been made available for them to return to back home.

The restoration operations in Chechnya are becoming normalized. Our construction workers are also taking part in them. Meanwhile, until these operations are completed, we shall surround the refugees with attention and care, and, if necessary, we shall provide them with additional buildings at our sanitoriums. And when the time comes, we shall say goodbye to them in an honorable way.

As for public transportation, the KBR Government will approve a program for developing passenger hauls by the end of September. Today we are experiencing tremendous difficulties with the rolling stock. That is why we were forced to draw upon, and will continue to draw upon, departmental transportation and private passenger transportation in order to service the urban and other itineraries. Something that constitutes another question is how to introduce order into the rates and what to do to assure that the benefits can be completely used by the persons to whom they have been offered. I promise that there will be an immediate study of all these matters, and within the next couple of weeks we shall take exhaustive steps to achieve the final resolution of the questions linked with the persons who are given preferential treatment and with the providing of services to them.

Concerning communication. Specialists assert that under market conditions it is an expensive pleasure to have wire broadcasting. But we shall not reject it completely. We shall offer a combination of reliable wire broadcasting and unreliable air-wave broadcasting.

Sh. Nagucheva, editor in chief of NARTY newspaper:

"According to Federal Law, entitled 'Principles of the Legal Status of the Indigenous Nations of Russia,' which was enacted in the third reading by the RF State Duma on 20 July 1995, it is stated that the Shapsugi who live along the Black Sea are excluded from the number of indigenous small-sized nations of the West Caucasus. Essentially speaking, the representatives of that ethnic community have proven to be migrants in their own historic homeland. In this regard, at the request of the parliament of public self-government of the Black Sea Shapsugi-Adygs, who recognize you as the most popular and most authoritative leader in the North Caucasus, I would like to hear your evaluation of what has occurred. Wouldn't it be proper for a question that is so vitally important not only for the current generation of Shapsugi, but also of the future generation, to be raised at the forthcoming meeting with the RF President, if such should occur?"

The problem of small-sized nations is an important one. I, for example, am very pleased that the RF legislative agencies have finally approached seriously the resolution of this question. And, strange as it seems, this Law, to no lesser degree than it pertains to the smallest-sized nations, also pertains to the great Russian nation. Because that Russian nation proves to be in the minority not only in various regions of Russia itself, but also in many of the CIS countries. As for the question of the Shapsugi themselves, I am familiar with it. And I have in my possession the request of the public administration of the Black Sea Shapsugi. We are preparing the materials necessary for appealing to Rybkin, to Shumeyko, and to Yeltsin. As for the meeting that may occur in Sochi, I promise to raise that question within reasonable confines.

K. Makitov, deputy chairman of "Kabbalkteleradiokompaniya":

"I have a question about the forthcoming Kabardino-Balkaria Days in Moscow. Could you please evaluate those days with regard to their public-political importance?"

I attach very great importance to the conducting of the KBR Days in Moscow. When I raised that problem several months ago to the President of Russia, I expressed the following formula: "Boris Nikolayevich, in the final analysis I want to give impetus to culture and to creativity throughout Kabardino-Balkaria. But I am also posing the task of removing that evil mask from Caucasian faces." And he reacted favorably to that, and supported the idea. So today we have at our disposal a full-fledged decree of the RF Government. And the conducting of the KBR Days in Moscow is approaching its final stage, the finish line. The Days will be held from 11 through 15 October. We have been given the most prestigious locations and auditoriums in Moscow, and an opportunity to choose from among them. The Days will open in the "Rossiya" motion-picture and concert theater, and will close in one of the currently prestigious theaters, the Theater imeni Ye. Vakhtangov. Our concerts will be given in the Tschaikovskiy Auditorium, as will the performances by our national theaters. Our creative groups will perform on the stages of the largest plants: AZLK, ZIL. Scientists will meet at the Russian Academy of Sciences with their colleagues, and intellectuals will be received at the office of the Moscow mayor and the RF Government.

The holding of the KBR Days in Moscow will also serve as an impetus for the economy. The Days will present the best of our enterprises, which, against the all-Russian background, can show once again the value, for example, of our Mayskiy tomograph [X-ray diagnosis], as compared with those that are produced in Russia and abroad. Or the value of our oil-drilling equipment as compared with what is being produced in Russia.

The holding of the KBR Days in Moscow is the rebirth of the traditions of the community of nations of our Homeland, of the brotherhood and friendship that we do not want to forget or cross out. The KBR Days, and, in particular, the Culture Days, will serve to strengthen the unity and to restore the brotherhood and normal relations among the nations of the Russian Federation.

R. Sabanchiyeva, editor in chief of the GORYANKA newspaper:

"As is generally known, the life of every individual begins in the maternity hospital. But today that hospital is in an extremely difficult situation. There are no medicines, no bed linens, no furniture, or other necessity items. I would like for the President to include the maternity hospital in the list of children's institutions that are under your special attention."

The Children's Foundation that was formed today in KBR has currently at its disposal 7 billion rubles. It is precisely that amount that predetermined the list of items which, at this stage, have been included as items to be financed from that foundation. But I shall say frankly that we intend within the near future to increase the assets of that foundation by at least 2 billion, or at best, 4 billion rubles. That will enable us actually to include a number of maternity hospitals among the items to be financed from the Children's Fund. If we work well, and the Kabardino-Balkaria community realizes that on the last Saturday of every June it is necessary to work on behalf of childhood, we be able by 1996 to include in that list a number of special boarding schools for talented children.

As for specifically the maternity hospital in Nalchik, I promise that within the near future, by 1 October, urgent steps will be taken with regard to that hospital in order to put it in exemplary order. In addition, I remind you that on 30 September we in KBR will hand over what I consider to be the best maternity hospital in the North Caucasus, the one in the city of Prokhladnyy.

[Editor's note] At the conclusion of the press conference, KBR President V. M. Kokov, speaking to the journalists, said, "Thank you for granting me the opportunity today to express many of the vitally important questions that are of concern to the residents of Kabardino-Balkaria. I hope for genuine and conscientious cooperation with you. I am convinced that without you neither the reforms, nor the election, nor the normal everyday activity of society are possible. I admire you and the way in which, despite the difficulties that you are experiencing, you do not betray your profession. I think that these difficulties are only temporary ones, and that in the near future, in recognition of your labor, you will receive the compensation that you deserve.

*Letter From Prison on Illegal Weapons Operations in Tiraspol

954F3428A Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 31 Aug 95 No 32, -6 Sep 95 p 3

[Letter by V. Filatov: "An Unregistered TT [Tokarev Tula pistol] Was Entrusted to Nevzorov, and Another One to Makashov"]

[FBIS Translated Text] **A former MGB associate in the Dniester region (in prison) discusses weapons operations in Tiraspol, and PMR [Pridnestrovye Moldovan Republic] President Smirnov (at liberty) is planning to become a deputy to the Russian Duma.**

You see before you a letter from a former associate in the special services of the Dniester region, that was written by him in prison. We have decided not to comment in detail on various specific points that are mentioned in the text. It seems to us that it will become clear from this letter what danger is involved in the actions of representatives of the "military Mafia" that is unrestrictedly in control both of weapons and of people. As well as the ties between the "military regimes" and their Moscow protectors.

Starting in December 1990 I, Viktor Valentinovich Filatov, occupied the positions of deputy chief for armament at the MVD [Ministry of Internal Affairs] of the Dniester region and the MGB [Ministry of State Security] senior officer for armament, directlty subordinate to V. G. Shevtsov (MGB minister). Currently I am in prison, under investigation in accordance with Article 227, Part 1.2 of the UK [Criminal Code] (possession of weapons), as a result of my owning a collection of ancient sidearms and two 9-mm cartridges that had been confiscated during an illegal search at the apartment of my former wife, with whom I have not been living for more than three years. The entire collection was left by me to her.

I am well aware that, for Shevtsov, the time had come to get rid of me.

Starting in February 1994 I vainly attempted to resign at my own request after a failed weapons-purchasing action in Bulgaria in which I was a direct participant. (...) In March I was courteously invited to the MGB for a conversation with Shevtsov. The conversation consisted basically of my being told to return my standard-issue weapon immediately. Since I was unable to return that weapon immediately (I was not wearing it at the time), I was immediately put under guard in the office and was arrested for ten days for repeated failure to show up on the job and was placed (...) in solitary confinement at the PMR *komendatura*.

On 6 April 1995 I was brought under convoy to the minister's office. I spent no less than two hours there. During the course of the conversation, which was one-on-one, Shevtsov proposed to me that former MGB PMR workers Minister Zimin had brought weapons into Moscow and had engaged in stealing the personal files of agents of the former USSR KGB which had remained in the archives of the MGB PMR. And if I would do that, he would release me. And this was the finale of that conversation: on 6 April I found myself in a cell at the IVS [preliminary interrogation facility] ROVD [rayon internal affairs department] in the company of two murderers, three lunatics, five aggrieved individuals, one thief, and two "ducks" who had been detained for 30 days according to edict No. 222. Because Shevtsov's last words had been: "Oh, you do not know yet how people are broken in the cell!"

In the course of my conversation with Shevtsov, I was also accused of having in my notebook the work telephone number of Lieutenant General A. I. Lebed, and of being acquainted with and socializing with military personnel in the 14th Army, and of having transmitted to them secret documents of the MGB PMR.

The only things which, in my opinion, can serve as the reasons for this turn of events were the difficult-to-conceal cases involving Shevtsov with weapons and the personal files of agents, to which, by virtue of the job I occupied, I was privy.

I was specifically the person who was instructed to form a group and, with the aid of one of the officers in the military unit, to carry out the seizure and shipping out of weapons there. (Details separately.) At the appointed time everything had been done as planned. However, during the next 24-hour period, such a bold action evoked the justified dissatisfaction on the part of the 14th Army and forced its leadership to appeal to President I. N. Smirnov. The latter, in order to resolve the developing conflict, instructed Shevtsov to find and return the seized weapons. Shevtsov approached me and explained the situation that had developed and the fact that it was necessary to return the weapons. Shevtsov and I got into the car and we drove to Parkany, where he showed me the place where we had allegedly found those weapons. After that, with my group, and after coordination with Shevtsov, I returned a large number of the stolen weapons.

That is how the laurels for the best detective in the PMR went to Shevtsov. (...)

On the basis of an oral order from Shevtsov, individual types of armament were not registered. The reasons were simple: a TT was entrusted to Makashov, a TT to Nevzorov, and a TT to the chief of the KGB Higher School, etc., as presents. (There are separate entries.) Then rather frequent trips to Moscow began, with basically Makarov pistols (one or two each trip) being taken there. Under the pretext that this was necessary for PMR President Smirnov, SVD (Dragunov sniper rifles) were taken away. All the received special armament simply disappeared in Shevtsov's office. (...)

(Written in prison.)

Kazakhstan

State, Industry Financial Status Detailed

954F3408A Almaty DELOVAYA NEDELYA in Russian 8 Sep 95 No 36, p 4

[Report of the State Committee for Statistics and Analysis of the Republic of Kazakhstan: "Kazakhstan in Figures: The Patient Is More Alive than Dead"]

[FBIS Translated Text] Paraphrasing a chrestomatic phrase of French literature, we will say: Every government has those statistics that it wants to publish. However, the document that became available to the DELOVAYA NEDELYA editorial office is not simply a duty report of the Goskomstat [State Committee for Statistics and Analysis], but a report memorandum "On the Economic Position of the Republic of Kazakhstan in the First Half Year of 1995 and Measures To Improve It," which was intended, to all appearances, as a report to the president. As is known, during a recent news conference on the preliminary results of the constitutional referendum Nursultan Nazarbayev promised: "Somewhere around the 20th I will conduct a meeting of the government and hear a report on the work that has been done."

Thus, in what way (besides the usual "most democratic and market-oriented" Constitution) did the "country of referendums" approach the last five-year plan of the 20th century in earnest? The document, which was obtained from the depths of the Cabinet of Ministers, is quoted with abridgements and without commentary. The readers of our newspaper can draw their own conclusions.

Document

Owing to the conduct of a consistent moderately tough monetary and credit policy and implementation of the Program and Plan of Actions of the Government To Intensify Economic Reforms and Stabilize the Economy in 1994-1995, the level of inflation came down from 10 percent in December 1994 to 5.1 percent in March and 2.3 percent in June of this year. Overall in January of this year consumer prices increased by 32.4 percent, while in the same period of last year the increase was 534.3 percent.

Relative stability of the national currency of the republic is being maintained. The average rate of exchange of the tenge to the U.S. dollar was 60.56 in March and in June—63.53 tenge to the dollar, as opposed to 54.26 tenge in December of last year.

The bank rate for granting credit is gradually declining. While it was an average of 264.1 percent in the fourth quarter of 1994, in the first quarter of this year it fell to 167.6 percent, in March it settled at a level of 154 percent, and in June—at an 80 percent annual rate.

In comparison with the corresponding period last year, the rates of production decline fell somewhat.

A monthly increase in the volume of industrial production occurred from September 1994 to May 1995. In May of this year, in comparison with December of last year, the production of industrial products increased by almost 10 percent, and in June, considering the decline in comparison with May by 7 percent, the increase amounted to only 2 percent.

The same kind of trend was observed in many oblasts of the republic. At the same time, given the drop in production in industry as a whole, a significant increase is observed in its individual branches: in the chemical and petrochemical industry by 41 percent, in ferrous metallurgy—by 21.6 percent, and in gas—by 4.1 percent.

Price policy. Since the beginning of 1995 the rate of increase in prices has clearly slowed down. The highest increase in the consumer price index occurred in the month of January when it came to 8.9 percent, and the lowest was registered in June—2.3 percent.

The financial situation of enterprises and organizations, and also of the state, remains extremely difficult as before. In the last five months of this year profit in the republic (excluding agriculture, small enterprises, banks, and insurance organizations) nominally increased on the whole in comparison with the same period last year by a factor of 3.6, and amounted to 36.7 billion tenge [T]. At the same time the prices of the producers of industrial products increased in this period by a factor of 12.2; i.e., less profit by a factor of 3.7 was received.

There are increasing numbers of unprofitable enterprises. In January-May of this year their number increased by a factor of 1.7 and reached 3,276, which is 42.5 percent of the total number of enterprises, with total losses of T13 billion. At the same time the number of unprofitable enterprises and organizations fluctuates by branch from 27 percent in industry to 75 percent in the housing economy. In Dzhezkazgan, Severo-Kazakhstan, Taldy-Kurgan, and Turgay Oblasts and the city of Leninsk more than half of the enterprises admitted losses, and in Zhambyl, Taldy-Kurgan, and Yugo-Kazakhstan Oblasts and the city of Leninsk negative results have set in in the territory as a whole.

The indebtedness of enterprises and measures to resolve the nonpayments problem. On 1 June 1995 the total credit indebtedness of enterprises and organizations just in industry, agriculture, construction, and transport reached T388.6 billion, of which T179.4 billion was overdue. At the same time, 71 percent of the nonpayments is attributed to industry's share, including overdue payments of 39 percent. It should be noted that the settlement accounts of a majority of the enterprises have practically no monetary resources. The biggest debtors are: the Karagandaugol PO [production association], the Pavlodartraktor AK [joint-stock company], the Kaskor AK Karmet Combine, the Karagandarezinotekhnica PO, the Karaganda Karbid PO, enterprises of the oil and gas industry, and others.

In the context of oblasts, the biggest creditor indebtedness falls to the share of the economic components of Karaganda Oblast (T65 billion), Pavlodar (T57 billion), city of Almaty (T38 billion), Kostanay Oblast (T35 billion), and Vostochno-Kazakhstan Oblast (T28 billion).

Of the total creditor indebtedness, nonpayments to the budget come to T54 billion, including T25 billion that is overdue. Industry's share of the indebtedness for payments to the budget amounts to 75 percent, 40 percent of which is overdue.

Creditor indebtedness to suppliers—economic components of the CIS member states and the Baltic countries—is considerable. According to the results for five months of this year, it amounted to T38 billion, including T15 billion that is overdue. A big part of the indebtedness of Kazakhstani consumers is owed the Russian Federation—T35 billion. The republic's indebtedness to economic components of the states of the far abroad amounted to T6 billion. Creditor indebtedness for received loans reached T6.4 billion (70 percent is industry's share), and for bank credits—T28 billion (52 percent is industry's share).

The total amount of debtor indebtedness for the republic reached T260 billion (overdue—T123 billion), including internal republic— T229 billion (overdue—T107 billion). The indebtedness of enterprises and organizations of Russia to Kazakhstan exceeded T21 billion (overdue—T12.6 billion).

Characteristic of 1994 and the beginning of 1995 was the significant increase in the share of barter operations, as a result of which monetary resources are practically not entering the accounts of enterprises, and they are not in a condition to continue the process of reproduction: to pay workers' wages, to use turnover resources, and to do all that is necessary to pay for taxes and credits. The share of barter operations reaches 80-90 percent in individual enterprises.

The directors corps of the large enterprises of the industrial complex until recent times practically set its hopes on state help and support. However, the repeatedly conducted mutual offsets of indebtedness did not promote the achievement of budget balance, but only increased its deficit.

This year primary attention is being given to implementation of a mechanism for bankruptcy prevention measures and bankruptcy. According to the proposals of ministries and departments and oblast administrations, a list was compiled of insolvent enterprises in the context of oblasts, and it includes about 500 enterprises.

However, after careful analysis those with the highest priority, whose viability has important significance for the economy of the republic, were selected from this list for reorganization. These enterprises were transferred to the Rehabilitation Bank. Tentatively about 30 such enterprises were selected.

Various financial violations, shortages, and misappropriations, which still take place in many enterprises and organizations, are seriously undermining the economy of the republic. In January-June of this year organs of the republic Gosfinkontrol [State Committee for Financial Control] inspected 6,058 facilities of various forms of ownership, subordination, and types of activity, as a result of which damage in the sum of T1.3 billion was disclosed, including shortages and misappropriations of T615 million, and out of them, monetary resources in the amount of T209 million. At the same time compensation was guaranteed for only 16 percent of the damages caused.

The main share of exposed damages is attributable to small enterprises and other commercial structures—34.1 percent (T444 million), budget institutions—20.6 percent (T269 million), industrial and construction enterprises—17 percent (T222 million), and agriculture—16.2 percent (T211 million).

Damage was ascertained in all regions of the republic; the greatest in Almaty, Vostochno-Kazakhstan, Dzhezkazgan, Pavlodar, Taldy-Kurgan, and Yuzhno-Kazakhstan Oblasts and the city of Almaty.

In addition, it was ascertained that incomes in the sum of T2.622 billion were concealed from taxation, of which only T405 million, or 15.4 percent, was found for the budget.

Market infrastructure. Banks. On 1 June 1995, 167 banks with 1,048 branches were operating in the republic, and of these 94 were joint stock companies, 46 were private, five were joint-stock commercial, six were commercial, and six were affiliates. Banks exist in all oblasts of the republic with the exception of Severno-Kazakhstan Oblast. The largest number of banks is concentrated in the city of Almaty—83. The authorized capital of the registered banks on 1 June 1995 totaled T7.2 billion, and owners' capital was T8.3 billion.

On 15 April of this year the term expired during which it was necessary to index the authorized capital of the banks in U.S. dollars (minimum authorized capital on the order of $500,000 and $1.5 million, depending on the status of the bank). However, this term had to be extended to 15 October 1995, inasmuch as this sum proved to be unattainable for many commercial banks.

It is planned to issue treasury bills in 1995 in the sum of T2.486 billion. Since 1 January 1995, the indicated bills were sold in the amount of T1.165 billion. The income to the budget totaled T740 million.

Two stock exchanges were functioning in the republic on 1 July of this year: the Central-Asiatic Stock Exchange (TsAFB) in the city of Almaty and the Kostanay stock exchange, whose main purpose is to provide a secondary market in securities.

For all practical purposes only the TsAFB is operating today, and its auctions are participated in by 30 brokerage houses representing private companies and banks; five joint-stock companies and joint- stock banks are included in the stock exchange listing. Among them are the Merey AO, the Kyz-Zhibek AO, the Turan AB [joint-stock bank], the Igilik-bank AB, and the Alembank Kazakhstan AB.

Foreign economic activity. The policy of liberalizing foreign economic activity was continued in the first half of 1995. Thus, export quotas were eliminated entirely. The list of licensed export products was reduced to nine designations, and imports—to four designations. State foreign trade companies that engaged in the export of strategically important resources were demonopolized, and a system of registration of contracts for the purpose of protecting the economic interests of the republic and preventing exports at dumping prices was put into practice.

In the second quarter of this year, according to the government Plan of Action, work was continued on implementation of the agreement on the Customs Union. The unification of export-import tariffs, excise taxes, and VAT, which are employed in Kazakhstan and the Russian Federation, was introduced. A unified system of nontariff regulation of foreign economic activity was developed.

An agreement On Free Trade (with exceptions) with respect to third countries was signed with Moldova and Kyrgyzstan within the framework of unification of the trade regime. In connection with the signing of the agreement, levying import customs duties in trade with Moldova and Kyrgyzstan was abolished. An agreement with Georgia, Azerbaijan, Armenia, and Ukraine (with exceptions), and Belarus (without exceptions) was prepared for signature.

The collection of export and import customs duties and taxes, and customs duties in trade between countries that are members of the Customs Union, was abolished.

On the basis of the work conducted on the unification of a procedure for regulating foreign economic activity, drafts of statutes were prepared on export and import customs duties; on nontariff regulation; on preferences (granting privileges to importer countries); and on re-export.

A result of the signing of the agreement on the Customs Union is preservation of a trend to increase commodity turnover with countries that are members of the Customs Union (with the Russian Federation and Belarus).

In connection with the delay in receiving currency resources for export deliveries of products, it is necessary to develop legal and normative acts on joint currency-customs control over the conduct of export operations. A study on this normative act envisions an agreement on a unified procedure for regulating foreign economic activity.

It is necessary before the beginning of 1996 to clearly establish a framework of activity of state and economic components in the conduct of export-import operations, foreign borrowing and repayment of a debt, and also measures to increase the effectiveness of the use of foreign credits, the guarantee of the return of currency assistance, and cooperation with CIS member states and Central Asian states, and others.

The volume of foreign trade turnover of the republic for the first half of 1995 amounted to $3.4703 billion, including for export—$1.8395 billion and for import—$1.6308 billion. As a result there is a positive foreign trade balance in the sum of $208.7 million. For the period being analyzed the volume of exports increased by 34.2 percent in comparison with the corresponding period of 1994, and the volume of imports decreased by 18.2 percent.

Trade cooperation is being conducted at the present time with 104 countries of the far and near abroad. The export of products to countries of the near abroad in the first half year of 1995 totaled $1.0039 billion, or 54.5 percent of our exports. The products were sent mainly to the Russian Federation—38.7 percent, Uzbekistan—4.3 percent, and Ukraine—2.3 percent. The export of products to countries of the far abroad for January of this year amounted to $835.6 million (150.5 percent for the first half year of 1994), or 45.4 percent of the total volume of exports. Deliveries to Europe take up the biggest share of the export deliveries—30 percent of total exports. The big consumers of Kazakhstani commodities here are the Netherlands—11 percent, Switzerland—6.8 percent, and Germany—4 percent. Among the countries of Asia, to which 12.4 percent of export products are sent, the most important are China— 6.4 percent, Turkey—1.6 percent, and the Republic of Korea—1.3 percent. Of the countries of North America, the main place is held by the United States—1.7 percent of the republic's total exports.

Raw materials and other materials remain the republic's main export articles. A significant proportion of the volume of exports consists of nonferrous metals and mineral products (73.2 percent). The main deliveries of ferrous metals are made to CIS countries— 60.4 percent of the total exports from the republic, including to Russia—32.1 percent. Copper and copper articles were delivered for the most part to the Netherlands—30.9 percent of the copper exported, Russia—25.5 percent, and Switzerland—13.6 percent. The main consumers of oil and its refined products are: Russia—40.4 percent of the total volume of deliveries of mineral products. Switzerland—15 percent, Germany—13.2 percent, and Great Britain— 13.1 percent.

Imports of products into Kazakhstan in the first half of 1995 from the countries of the far abroad amounted to $637.3 million (90 percent of the corresponding 1994 period), or 39.1 percent of the total volume of imports. The biggest proportion among them is taken up by deliveries from the countries of Europe—26.1 percent, including from Germany—7.9 percent, Switzerland—3.8 percent, Great Britain—and 3.5 percent. Of all of the imported products, 11.3 percent was delivered from countries of Asia, and the main suppliers are Turkey—3.8 percent, China—1.1 percent, and the Republic of Korea—1.2 percent. Products brought in from the United States comprised 2.3 percent of the total imports of the republic.

Products for $993.5 million were imported from countries of the near abroad (77.4 percent against the 1994 level), or 60.9 percent of all imported deliveries. The main partner is the Russian Federation—42 percent. Deliveries of electric power, gas, machines and equipment, and mechanisms and transport means predominate in imported deliveries. They amount to 60.3 percent of the total volume of imported products. In the past period of this year a significant part of the food products and the raw materials for their production were imported—11.7 percent, and the products of the chemical industry and branches associated with it amounted to 8.7 percent of the total import of commodities.

The deliveries of machines and equipment were conducted mainly from Germany—18.6 percent and Russia—16.1 percent.

Authorizations continue to be granted to economic components for the conduct of export barter transactions, despite the decree that was adopted by the Cabinet of Ministers of the Republic of Kazakhstan "On the Regulation of Export Barter Operations." The structure of exports and imports according to types of accounts is essentially unchanged. Thus, in the first half year of 1995 the proportion of export deliveries for freely convertible currency amounted to 44.3 percent of the total volume of exports against 34.6 percent in the first half year of 1994, and the volume of barter operations—23.9 percent (a 26.6 percent proportion of barter in deliveries for export in the first half year of 1994).

Analysis of the foreign trade turnover in the republic for the first half year of 1995 showed an increase in exports in comparison with the corresponding period of last year, which occurred mainly as a result of the growth in average contract prices for the main export product. For the first half year of 1995 average contract prices for oil increased by 138.7 percent and amounted to $107.4 per tonne. The price for exported copper increased by 58.4 percent, for lead—39.7 percent, for zinc—11.4 percent, and for ferroalloys— 27.4 percent.

The receipts of currency resources from the export of products with regard to contract holders came to 47.4 percent of export deliveries.

(Continued in the next issue)

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